

Event Park Ticket Surcharge Term Sheet

SCHEDULE "G"

TICKET SURCHARGE AGREEMENT TERM SHEET

Parties	The City of Edmonton (City) and Arena East Development Limited Partnership (Arena East LP)
Term	To align with duration and terms of the Event Park lease agreement
Purpose	To ensure the City of Edmonton and OEG are responsible for their proportionate share of the Future Capital Costs at the Event Park and to enable a ticket surcharge mechanism as a mechanism for users of the Event Park to contribute to Future Capital Costs. The use of a ticket surcharge as a funding tool does not eliminate the obligation for funding Future Capital Costs.
Definitions	<p>Terms and expressions defined in the Master Agreement have the meaning given to them in the Master Agreement. In addition:</p> <p>"Annual Capital Contribution Amount" means the required total contribution amount, determined from time to time, to be made to the Capital Reserve Fund in an Arena East LP Fiscal Year, which will be comprised of the City Proportionate Share made by the City and the Arena East LP Proportionate Share made by Arena East LP to ensure accumulation of sufficient funds to fund Future Capital Costs as they are projected to be incurred in the Capital Maintenance Responsibility Schedule, as amended from time to time by the Parties, and taking into account the then current funding status of the Capital Reserve Fund.</p> <p>"Arena East LP Fiscal Year" means the period commencing July 1 of a year and ending on the next June 30, unless otherwise amended by Arena East LP.</p> <p>"Arena East LP Proportionate Share" means two-thirds.</p> <p>"Capital Items" means, relating to the Public Event Park, items specifically described and outlined in the Capital Maintenance Responsibility Schedule.</p> <p>"Capital Maintenance Responsibility Schedule" means the "Capital Maintenance Responsibility Schedule" to be created and attached to the Lease.</p> <p>"Capital Reserve Fund" means the fund maintained by the City and contributed to by the City, as to the City Proportionate Share, and Arena East LP, as to the Arena East LP Proportionate Share, the use of which will be solely to fund Future Capital Costs.</p> <p>"City Proportionate Share" means one-third.</p> <p>"Event Ticket" means a license ticket or admission granted to a person in exchange for a fee thereby entitling that person to admittance to an event, program, activity held at the Public Event Park or the use of other facilities within the Public Event Park.</p> <p>"Future Capital Costs" means costs related to repair, refurbishment and/or replacement of Capital Items as agreed in the Capital Maintenance Responsibility Schedule.</p> <p>"Interest Rate" means the City's most recent 10 year annualized return on its balanced fund.</p> <p>"Lease" means the executed Lease agreement between the Parties for the Public Event Park.</p> <p>"Ticket Surcharge" means the fee for the use of the Public Event Park imposed on an Event Ticket pursuant to the Ticket Surcharge Agreement and bylaw.</p>

Ticket Surcharge	<p>Will require the passing of a Ticket Surcharge bylaw by City Council.</p> <p>No later than February 1 of each year, Arena East LP shall submit to the City:</p> <ul style="list-style-type: none"> • a report (the "Event Ticket Sales Report" which itemizes the number of events held in the Public Event Park, the number of Event Tickets sold at each Event Ticket price, and the aggregate of the total Event Ticket prices collected, for the immediately preceding Arena East LP Fiscal Year; • a forecast of events, attendance, and ticket prices for the following Arena East LP Fiscal Year which itemizes the number of events forecasted to be held in the Public Event Park, the number of Event Tickets forecasted to be sold at each Event Ticket price, and a forecast of the aggregate of the total Event Ticket prices that will be collected; and • a proposed ticket surcharge rate designed to yield the Arena East LP Proportionate Share of the Annual Capital Contribution Amount. <p>The City Manager will review the event forecast and proposed ticket surcharge provided by Arena East LP and, based on such forecasts, establish a ticket surcharge amount designed to yield the Arena East LP Proportionate Share of the Annual Capital Contribution Amount. The City Manager may not set a ticket surcharge rate in excess of 12% without Arena East LP's prior consent. The City Manager and OEG will work together in good faith to establish a ticket surcharge amount that is consistent and stable from year to year.</p>
Collection and Remittance of Required Ticket Surcharge; Contribution to Capital Reserve Fund	<p>Arena East LP shall collect the Ticket Surcharge as agent and trustee of the City.</p> <p>All amounts of Ticket Surcharge collected (net of all refunds issued) for Events held within a quarter will be remitted by Arena East LP to the City and credited into the Capital Reserve Fund. For clarity, Arena East LP cannot remit ticket surcharge collected on advance sales of tickets until the event for which the tickets have sold has occurred.</p> <p>The City will contribute the City Proportionate Share of the Annual Capital Contribution Amount into the Capital Reserve Fund through quarterly instalment concurrently with or promptly following Arena East LP's quarterly remittance.</p>
Capital Reserve Fund Reporting	<p>On or before December 31, the City shall deliver to Arena East LP a statement (the "Capital Reserve Fund Continuity Statement") setting forth:</p> <ul style="list-style-type: none"> • the Capital Reserve Fund's opening balance for the period • the contribution of the City Proportionate Share of the Annual Capital Contribution Amount • Remittances by Arena East LP of amounts collected from the Ticket Surcharge, with a reconciliation against the Arena East LP Proportionate Share of the Annual Capital Contribution Amount; • Aggregate Annual Contribution Deficits and interest accrued thereon; • all interest earned on the Capital Reserve Fund up to the end of the period; • all disbursements made during the period for major repairs, replacements, or refurbishments of Capital Items; • the Capital Reserve Fund's ending balance for the period; and • the funding status of the Capital Reserve Fund (whether it is projected to be fully funded, over funded or under funded in relation to remaining Future Capital Costs)
Annual Capital Contribution Shortfall or Surplus from Ticket Surcharge	<p>If, in any Arena East LP Fiscal Year, the total amount of funds from the ticket surcharge which are collected and remitted to the City are less than the Arena East LP Proportionate Share of the Annual Capital Contribution Amount (such difference being an "Annual Contribution Deficit"), Arena East LP is responsible to contribute an amount equal to the Annual Contribution Deficit to the Capital Reserve Fund. If Arena East LP does not contribute the entire Annual Contribution Deficit for an Arena East LP Fiscal Year by 90 days following the end of the Arena East LP Fiscal Year in which the Annual Contribution Deficit occurred, such unpaid amounts shall accrue interest at the Interest Rate.</p> <p>If, in any Arena East LP Fiscal Year, the total amount of funds from the ticket surcharge which are collected and remitted to the City exceed the Arena East LP Proportionate Share of the Annual Capital Contribution Amount (such difference being an "Annual Contribution Surplus"), Arena East LP will transfer the entire amount collected (including the Annual Contribution Surplus) to the City to be credited in the Capital Reserve Fund. If, at the time of an Annual Contribution Surplus, Arena East LP has accrued unpaid Annual Contribution Deficits, the Annual Contribution Surplus shall be applied first to reduce all interest accrued, and second to reduce the outstanding Annual Contribution Deficits.</p> <p>Every 5 years of the term of the Lease, the Parties will review the funding status of the Capital Reserve Fund, which status will inform the determination of future Annual Capital Contribution Amounts. Concurrent with such 5 year review, if Arena East LP has outstanding Annual Contribution Deficits, an additional rent under the Lease may be established by mutual agreement of the City and OEG that allows for the funding of the Annual Contribution Deficit and interest thereon.</p> <p>If at the time a capital expenditure is required to be made, whether in accordance with the Capital Maintenance Responsibility Schedule or otherwise, and the Capital Reserve Fund does not have sufficient funds to pay for such capital expenditure, an additional rent under the Lease may be established by mutual agreement of the City and OEG that allows for the funding of the required capital expenditure with a recovery through increased rent in a manner that aligns to the use of the improvement by the tenant over the remaining term of the Lease proportionately to the expected useful life of the improvement</p>

Attachment 5

Verification	Arena East LP will maintain all records substantiating the Event Ticket Sales Reports for a period of five years. City may require Arena East LP to obtain an independent audit verifying the accuracy of the information of the annual Event Ticket sales report. The cost of an independent audit will be paid by the City unless the independent audit report provided to the City reveals a discrepancy in any of the figures listed in the Event Ticket sales report that is equal to or greater than 3% in which case Arena East LP will be responsible for the full cost of the audit.
Dispute Resolution	The Ticket Surcharge Agreement will contain a dispute resolution clause consistent with section 8 of the Master Agreement.

The Ticket Surcharge Agreement shall be in a form acceptable to Employee and Legal Services, and in content acceptable to the Branch Manager of Financial Services (the "Branch Manager"). The approval of the Ticket Surcharge Agreement shall include the approval of such corrective, conformance and incidental amendments to the terms and conditions of the Ticket Surcharge Agreement and the approval of any ancillary agreements that are reasonably required or desirable to give effect to or implement the Ticket Surcharge Agreement of the Event Park, as may be subsequently approved by the Branch Manager.