

May 24 – Final Draft

OFFER TO LEASE

This Offer to Lease dated as of this 12 day of August, 2013.

BETWEEN

SASK SPORT INC., a non-profit corporation
established pursuant to the laws of the
Province of Saskatchewan
(hereinafter referred to as “**Sask Sport**”)

AND

THE CITY OF REGINA, a municipal corporation
governed by the laws of the
Province of the Saskatchewan
(hereinafter referred to as the “**City**”)

(the City and Sask Sport referred to herein collectively as the “**parties**”)

WHEREAS

- A. The City is the registered owner of the lands municipally known as the City of Regina Exhibition Grounds and legally described as:

Surface Parcel #109467984
Blk/Par H, Plan 14513, Extension 0
As described on Certificate of Title 95R31482(1);

(hereinafter such lands and buildings are referred to as the “**Lands**”);

- B. The City will be constructing a stadium and other related facilities and amenities on a portion of the Lands as part of the “Regina Revitalization Initiative” (the “**Stadium**”);
- C. It is intended that Sask Sport will be a tenant of the City in the Stadium as provided for in the Memorandum of Understanding between the Province of Saskatchewan, the City of Regina and the Saskatchewan Roughrider Football Club Inc. on July 14, 2012;
- D. Determination of what improvements and amenities will be provided to Sask Sport and which portions of the Stadium will be leased to Sask Sport (the “**Leased Premises**”) cannot be completed until the design of the Stadium is finalized and contracts are awarded for construction of the Stadium.

NOW THEREFORE THIS OFFER TO LEASE WITNESSES that in consideration of the respective covenants and agreements of the parties contained herein and other good and valuable consideration now paid and delivered by each party hereto to the other (the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto), the parties hereby agree as follows:

1. Leased Premises

The City and Sask Sport each agree that:

Leased Premises

a) The final size, configuration and location of the Leased Premises shall be determined as part of the design process for the Stadium, in consultation with Sask Sport. The parties anticipate that the gross leasable area of the Leased Premises will be approximately 10,000 square feet. As part of the Stadium construction, the City will provide tenant improvements, as mutually agreed with Sask Sport to provide move-in ready space.

The Leased Premises shall be occupied by Sask Sport, its affiliates, subsidiaries and such other non-profit sport organizations as determined by Sask Sport, and be used for their respective operations, including but not limited to:

- i. administrative and business offices, and
- ii. certain parking spaces for the exclusive use of Sask Sport.

b) In addition to exclusive use of the Leased Premises, Sask Sport, its affiliates, subsidiaries and such other non-profit sport organizations and amateur sports teams will be granted the right to joint use of common areas of the Stadium at such times as mutually agreed to by the City or its designate and Sask Sport. No additional rent or user fees will be required to be paid by Sask Sport or the users of the common areas with the exception of covering cleaning costs associated with the use of these areas.

c) Sask Sport, its affiliates, subsidiaries and such other non-profit sport organizations as determined by Sask Sport will be granted access to the Stadium field for an annual minimum 600 hours per year at such times as mutually agreed to by the City, or its designate and Sask Sport. In addition thereto, Sask Sport shall have priority access to the Stadium, when not in use for other events, for amateur sporting events and other community events that involve participation by the community at large. No additional rent or user fees will be required to be paid by Sask Sport or the users of the Stadium for any such events or community events, costs for which are included in the rent to be paid in accordance with paragraph 3 hereof.

d) In addition, Sask Sport shall have access to the relevant facilities at the Stadium, to host or facilitate the hosting of certain amateur national and international sporting events or other events, considering the following:

- i. with limited capacity to generate sufficient entry fees to sustain the event, and as mutually agreed to by the City and Sask Sport, no additional rent or user fees will be required to be paid by Sask Sport or the users of the Stadium for any such events, all costs for which are included in the rent to be paid in accordance with paragraph 3 hereof; and
 - ii. where hosting an amateur national and international sporting events or other events in the Stadium contributes to a loss, the City and Sask Sport will mutually agree on a reasonable rental charge for the Stadium facilities to support the viability of hosting the event in the City in light of the benefits realized by local amateur sports, the volunteer and business communities.
- e) The time allotment for hosting of amateur national and international events at the Stadium will be over and above the annual minimum hours allotted.

2. Lease Term

The term of the Lease (the “**Term**”) shall be thirty (30) calendar years and shall commence on the date that the Leased Premises are available for occupancy and substantial completion of construction of the Stadium has occurred (it is recognized that the first year of the lease may be a partial calendar year as a consequence thereof).

3. Rent

The annual rent to be paid by Sask Sport during the Term for the Leased Premises, for access by amateur sport to the Stadium field and facilities and the right to hold the events as provided for in subparagraph 1(d) hereof, shall be the sum of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) per calendar year (adjusted proportionately for the first year if it is a partial year).

4. Operating Costs and Utilities

In addition to the rent payable pursuant to section 3, Sask Sport agrees to provide up to \$50,000 annually to the stadium as a contribution to cover direct operating costs associated with the leased space, the use of common facilities such as meeting rooms and additional costs incurred by the stadium to host events. Sask Sport agrees to monitor these costs to ensure that they remain reasonable given the access contemplated by amateur sport to the stadium. Details of how these additional costs are determined will be included in the subsequent lease agreement between the City and Sask Sport.

5. Construction of Leased Premises and the Building

- a) The City shall oversee the procurement process and ultimate construction of the Stadium.

- b) The City will provide move-in ready space, which includes finishes on floors, ceilings, heating and ventilation, electrical, plumbing, sprinklers capability for telephone/computer connectivity and all other reasonable tenant improvements as mutually agreed with Sask Sport. Sask Sport will fund any improvements required that are over and above the improvements mutually agreed with the City.
- 6. Sask Sport, its affiliates, subsidiaries and such non-profit sport organizations as determined by Sask Sport will only retain revenues directly generated by events hosted by or through Sask Sport in the Stadium, provided however, the City retains all other revenue rights and opportunities related to the Stadium.
 - 7. Sask Sport will be assigned a reasonable number of parking spaces for its use; the number of such parking spaces to be determined in the lease agreement.
 - 8. **Conditions Precedent**

This Offer to Lease, and the Lease(s) if applicable, are subject to satisfaction, or waiver by both parties of the following conditions precedent (the “**Conditions Precedent**”):

- a) Completion of the design process, satisfactory to both parties, and agreement of both parties to finalize the description of the Leased Premises on or before Dec. 31, 2013;
- b) Award of contracts to construct the Stadium on or before June 30, 2015; and
- c) Approval by Sask Sport’s Board of Directors and City Council of the Lease and the execution of the Lease on or before June 30, 2016.

9. **Formal Agreement**

The parties shall proceed in good faith with reasonable diligence towards the negotiation of a formal lease agreement with the intention that the formal lease (the “**Lease**”) will be signed by/before June 30, 2016 and take effect upon award of contracts to build the Stadium agreed to, such agreement to be prepared in accordance with the guidelines set forth in this Offer to Lease and in a form as may be mutually acceptable to each of the City and Sask Sport, each acting reasonably. For greater certainty, nothing in the Offer to Lease is intended to restrict the discretion of City Council or Sask Sport’s Board of Directors when considering the form of Lease submitted for approval.

10. **Terms of formal Lease**

The City and Sask Sport agree that the formal Lease:

- a) will require that prior to the commencement date of the Lease, Sask Sport shall, at its sole cost and expense, obtain all risks replacement cost insurance upon the Leased Premises, which such insurance coverage shall include, but not be limited to:

- a. general liability insurance in a form and amounts acceptable to the City, such policy to have not less than \$5,000,000.00 per occurrence and to include the following provisions or endorsements:
 - i. the City of Regina shall be named as an additional insured party;
 - ii. a waiver of rights of subrogation of the Insurer against all named insureds and additional insureds;
 - iii. cross-liability coverage;
 - iv. blanket contractual liability coverage;
 - v. host liquor liability coverage;
 - vi. a requirement for 30 days notice to each insured party prior to cancellation of the coverage, in whole or in part, in respect of any named insured.
- b. tenants' legal liability insurance in a form and in amounts satisfactory to the City but in any event in an amount no less than \$500,000.00; and
- c. all risk property insurance for property of every description and kind, including all betterments and improvements made by or on behalf of Sask Sport to the Premises and keep them insured for the benefit of the City and Sask Sport against loss, damage or destruction by fire and other perils, hazards and risks, usually carried by persons carrying on operations similar to that of Sask Sport, with one or more insurance companies approved by the City and licensed to do business in Canada, as Sask Sport may elect, in an amount equal to the replacement value of the Premises and to produce to the City for inspection and retention of the City a certificate from the insuring agents or the original copy of every policy of insurance or other appropriate evidence of insurance satisfactory to the City. In the event of cancellation, Sask Sport shall secure replacement insurance in accordance with the requirements of this section.
- d. will contain the proviso for prorating of the annual rent as contemplated by paragraph 3 hereof.

11. General

- a) Time. Time will be of the essence of this Offer to Lease and will remain of the essence notwithstanding the extension of any of the dates hereunder.
- b) No Waiver. No failure or delay on the part of any party in exercising any right, power or privilege under this Offer to Lease will operate as a waiver thereof, nor will any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Except as may be limited herein, any party may, in its sole discretion, exercise any and all rights, powers, remedies and recourses available to it under this Offer to Lease or any

other remedy available to it and such rights, powers, remedies and recourses may be exercised concurrently or individually without the necessity of making any election.

- c) Severability. If any provision of this Offer to Lease or any part hereof is determined to be invalid it will be severable and severed from this Offer to Lease and the remainder of this Offer to Lease will be construed as if such invalid provision or part had been deleted from this Offer to Lease.
- d) Further Agreements. The parties acknowledge that, subject to the satisfaction of the Conditions Precedent, this Offer to Lease is binding on the parties and creates legal obligations between them. The parties further agree that they will in good faith use commercially reasonable efforts to enter into formal agreement(s) as may be required to reflect their intentions, as they may evolve.
- e) Counterparts. This Offer to Lease may be executed in any number of original counterparts, with the same effect as if all the parties had signed the same document, and will become effective when one or more counterparts have been signed by all of the parties and delivered to each of the other parties. All counterparts will be construed together and evidence only one agreement, which, notwithstanding the dates of execution of any counterparts, will be deemed to be dated the day and year first above written, and only one of which need be produced for any purpose. This Offer to Lease may be executed by the parties and transmitted by facsimile and if so executed and transmitted this Offer to Lease will be for all purposes as effective as if the parties had delivered an executed original Offer to Lease.
- f) Enurement. This Offer to Lease shall enure to the benefit of and be binding upon the parties and their respective heirs, executors, administrators, successors, legal representatives and permitted assigns.
- g) Assignment. Neither this Offer to Lease nor any rights or obligations under it shall be assignable by either party without the prior written consent of the other party, such consent not to be unreasonably withheld.
- h) Headings and descriptions. The headings and marginal descriptions of all articles, sections and other paragraphs are inserted for convenience of reference only and shall not affect the construction or interpretation of this Offer to Lease.
- i) Sections, Etc. Recitals, Sections, Articles, Appendices or Schedules, unless otherwise indicated, shall be construed as references to the Recitals, Sections, Articles, Appendices and Schedules of and to this Offer to Lease, as the case may be. The provisions of each Schedule and Appendix shall constitute provisions of this Offer to Lease as though repeated at length herein.
- j) Reference to Agreement. "This Offer to Lease", "herein", "hereof", "hereby", "hereto", "hereunder", and similar expressions refer to this Offer to Lease and not to

any particular article, section or other provision hereof, and include any and every amendment restatement, replacement, variation, supplement or novation hereof.

- k) Gender and number. Words importing the singular include the plural and vice versa. Words importing gender include all genders.
- l) Applicable Law. This Offer to Lease shall be governed by and construed in accordance with the laws of the City of Regina, the laws of the Province of Saskatchewan, and the laws of Canada applicable therein and shall be treated, in all respects, as a Saskatchewan contract. Each of the parties hereby irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Saskatchewan.

IN WITNESS WHEREOF this Offer to Lease has been executed by the parties to it as of

SASK SPORT INC.

Signature Removed

Per:

Name: *Shane Reach*

Title: *President, SASKSPORT INC.*

THE CITY OF REGINA

Per:

Name: *J. Swidnicki* Joni Swidnicki

Title: City Clerk

