

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING OF FEBRUARY 19, 2019
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES & CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	BUDWEISER GARDENS: CITY APPROVAL OF ZAMBONI CAPITAL LEASE AGREEMENT

<b>RECOMMENDATION</b>
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That on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the capital lease for two new Zamboni ice resurfacing machines at Budweiser Gardens **BE APPROVED** to replace the previous two Zamboni ice resurfacing machines that are no longer in service.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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None

<b>BACKGROUND</b>
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**Budweiser Gardens Overview:**

Budweiser Gardens completed its sixteenth year of operations in 2018. As a public private partnership it is structured as follows:

- a) The City of London owns the land.
- b) The City of London leases a portion of the lands upon which the facility sits (Ground Lease) to London Arena Trust for a nominal base rent for 50 years. During the term of the lease, London Arena Trust owns the building in trust for the City.
- c) London Arena Trust leases the building (Participatory Occupancy Lease) to the London Civic Centre Limited Partnership. The partners in the Partnership are Spectra Venue Management (formerly known as Global Spectrum), EllisDon Construction Ltd., and Stadium Consultants International.
- d) Spectra Venue Management is the manager of the building on behalf of the Partnership. Spectra is responsible for the sale of naming rights, advertising, attractions, sale of suites and club seats, and the operation of the facility.

**Participatory Occupancy Lease (POL):**

The Participatory Occupancy Lease (POL) outlines the terms under which Budweiser Gardens is to be operated, maintained and governed. In addition, the POL details the financial arrangements for the allocation of proceeds and for capital improvements and repairs. The City’s share of the net proceeds (known as “available cash flow”) for Budweiser Gardens varies over the life of the lease. In years one to five, the City’s share was 20%; in years six to ten, 45%; and years eleven to fifty, 70%. In addition to the City’s direct financial return, a number of other benefits to the local economy and community vibrancy have been realized with the construction of Budweiser Gardens, especially in the Downtown.

One of the key requirements of the agreement is contributions from gross operating revenue to the Capital Repair Fund (CRF). The CRF is an asset of the Trust that is used as a funding vehicle for repairs or renovations to the facility to maintain the asset over the term of the agreement. Each year, the tenant submits a maintenance plan for approval, which provides the City with assurances that Budweiser Gardens will be in good repair when the lease expires at the end of the 50 year period. The CRF specifically excludes the funding of all capital leases.

In 2016, the POL was amended to allow for the payment of interest and principal on new capital leases as operating expenses as defined in the calculation of available cash flow. In particular the amendment to the POL was approved to fund leases associated with the new basketball floor, score clock and LED signage ring. The change to the agreement allowed that in addition to the interest, the principal on these new capital leases would be included in operating expenses as defined in the calculation of available cash flow. As a result of the change to how the available cash flow is calculated, future City rent or partnership amounts would be expected to be reduced accordingly (i.e. the “profit share or net proceeds” would go down). Further, the 2016 amendment to the POL added wording that required Spectra to provide all of the information and documentation regarding a proposed capital lease, and for them to obtain the City’s approval, in writing, prior to entering into it.

**The Request from Spectra Venue Management:**

Spectra is seeking the City’s approval of a capital lease for two new Zamboni ice resurfacing machines at Budweiser Gardens to replace the previous two Zamboni ice resurfacing machines that are no longer in service (attached as Appendix ‘A’). As outlined in Section 2 (b) of the POL, Spectra must provide the following information to the City:

- i) full and complete disclosure in writing of all of the terms of the proposed capital lease, including, without limitation, the principal, interest, and all other costs under the capital lease;
- ii) an amortization schedule showing all payments of principal and interest under the proposed capital lease; and
- iii) a copy of the entire capital lease, including, without limitation, all Schedules thereto and any agreements or other documents referred to therein.

After all of the required information and documentation has been submitted by Spectra, they must obtain the City’s approval, in writing, prior to entering into a proposed capital lease. It is noted that Spectra did not obtain approval by the City prior to entering into the capital lease to acquire two new Zamboni ice resurfacing machines. Spectra has indicated to the City that due to an oversight on their part regarding the requirements of Section 2 (b) of the POL, they committed to a capital lease in advance of obtaining approval by the City. To rectify this oversight, Spectra has updated their internal processes to ensure that any future capital leases that are required for the building will be sent to the City in advance for approval.

As part of the request for approval of the capital lease, Spectra provided information on the circumstances and rationale that led to their decision to replace the ice resurfacing machines that were no longer under lease. In March 2018, it was determined that both of the Zamboni ice resurfacing machines at Budweiser Gardens required repairs. One machine was in need of \$10,000 to \$12,000 in repairs and the second machine, required about \$5,000 in repairs. During this time Spectra was approached by the Zamboni Company Ltd. with an offer, that if they would commit to taking possession of two new machines (that would be built and ready by August), they would provide Spectra with two brand new machines on loan in March. In addition, they would take the two current machines, in their current condition and in need of repair, as a trade-in on the two new machines for a combined value of \$35,000. The offer also included outfitting the new machines with the latest technology and features, such as “Fast Ice” and “Level Ice”. These features would allow Spectra to provide a higher quality of ice product for the London Knights and any other ice events that might occur in the building. These features are standard in NHL rink equipment and would assist Spectra in being able to attract NHL type events such as the World Junior pre-game that was held last year and the Canada vs USA Women’s hockey that will be held in February.

<p style="text-align: center;"><b>CONCLUSION</b></p>
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Spectra Venue Management is seeking the City’s approval for the capital lease for two new Zamboni ice resurfacing machines. Notwithstanding that Spectra did not obtain the City’s approval in writing prior to entering into the new capital lease, it is recommended by Civic Administration that Council approve the lease, as they have satisfied all of the other requirements identified in Section 2 b) of the POL. It is noted going forward that the City must approve all capital leases for Budweiser Gardens in advance of Spectra committing to any new capital leases.

<b>PREPARED AND SUBMITTED BY:</b>
<b>MARK JOHNSON, RPP BUSINESS PLANNING PROCESS MANAGER FINANCE AND CORPORATE SERVICES</b>
<b>REVIEWED AND RECOMMENDED BY:</b>
<b>ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>

cc. Karen Jackson, Director of Finance, Budweiser Gardens

## APPENDIX 'A'



99 Dundas Street  
London, Ontario, Canada N6A 6K1  
[www.budweisergardens.com](http://www.budweisergardens.com)

November 22, 2018

City of London  
Attention: Anna Lisa Barbon,  
Managing Director, Corporate Services and  
City Treasurer, Chief Financial Officer City  
of London

Re: Request to add Zamboni Lease as an operating expense

Global Spectrum Facility Management, L.P., D/B/A Spectra Venue Management respectively requests that we be allowed to add a new lease (#201000042974) with Royal Bank of Canada(RBC), for 2 new Zamboni machines as an operating expense from Available Cash Flow.

The term of the lease is for 60 months, with a total of \$24,462.64 paid in interest during the term of the lease and a principle of \$192,343.79. The monthly payments will be \$4,083.63, which includes \$469.80 in HST. In addition, there is a one time cost of \$500.00 to set up the lease from the bank.

Attached to this letter, is a copy of the Master Lease Agreement with RBC, the Leasing Schedule for lease #201000042974 and the amortization schedule for the lease.

Sincerely,

A handwritten signature in purple ink, appearing to read "Karen Jackson".

Karen Jackson  
Director of Finance

Budweiser Gardens





# Master Lease Agreement (PPSA - S)

This lease agreement (the "Lease Agreement") made as of the 16th day of June, 2010, between

**ROYAL BANK OF CANADA ("Lessor")**

and

**London Civic Centre Corporation o/a John Labatt Centre ("Lessee")**

Address:  
320 Front Street West  
11<sup>th</sup> Floor,  
Toronto, Ontario  
M5V 3B6

Address:  
99 Dundas St.  
London, Ontario  
N6A 6K1

Lessor and Lessee agree as follows:

## 1. Leasing of Equipment

- 1.1 Lessor may, from time to time, at its option, on the request of Lessee, acquire equipment for leasing to the Lessee ("Equipment"), pursuant to the terms of this Lease Agreement and the relevant supplemental agreement ("Leasing Schedule").
- 1.2 Neither the Lessor, nor the Lessee on behalf of Lessor, will order or acquire any Equipment unless Lessee has executed such documents and agreements as Lessor may require. Lessee will advise Lessor promptly of any Equipment ordered or acquired by Lessee on behalf of Lessor pursuant to this Lease Agreement.
- 1.3 Lessee will provide Lessor with a copy of the invoice for each item of Equipment to be purchased pursuant to this Lease Agreement, addressed to Lessor. A Leasing Schedule for that Equipment shall be entered into before payment is made for the Equipment.
- 1.4 Lessee shall conduct such acceptance testing of any Equipment to be purchased pursuant to this Lease Agreement as may be appropriate in the circumstances, and promptly upon successful completion of that acceptance testing shall sign the relevant Leasing Schedule for the Equipment, and return one executed Leasing Schedule to the Lessor.
- 1.5 Lessor shall have no responsibility under any purchase order or any purchase or license agreement or any Leasing Schedule if Lessee does not accept the Equipment and sign and deliver to Lessor the Leasing Schedule(s) and acceptance certificate for that Equipment. Any agreement with the seller of the Equipment will include a provision to this effect.
- 1.6 Each Leasing Schedule shall constitute a separate Lease of the Equipment described in the Leasing Schedule but incorporating the terms of this Lease Agreement. In the event of a conflict between the terms of this Lease Agreement and any Leasing Schedule with respect to any Lease, the terms of the Leasing Schedule shall govern.
- 1.7 Terms not otherwise defined herein shall have the same meaning ascribed under the Leasing Schedule.

## 2. Payment of Equipment Cost

- 2.1 Lessor will pay the agreed cost to be funded by Lessor for the Equipment acquired pursuant to this Lease Agreement on the later of: (i) the due date for payment, and (ii) delivery of the signed Leasing Schedule.

## 3. Rental

- 3.1 Lessee shall pay to Lessor the rental payable, as set out in the Leasing Schedule. The first installment is payable on the Commencement Date of the Term and the last of such installments is payable on the Termination Date of Term, all as shown on the relevant Leasing Schedule.

## 4. Rent Payment

- 4.1 The Total Rental Installments shall be paid at the office of Lessor, at the address set out on page 1 of this Lease Agreement, or at such other place in Canada as Lessor may from time to time designate by notice.

## 5. Ownership

- 5.1 Title to, ownership of, and property in, the Equipment shall at all times be and remain solely and exclusively in the Lessor, subject only to the rights of Lessee to use the Equipment pursuant to the provisions of this Lease, and to purchase the same pursuant to any option granted in the relevant Leasing Schedule.

## 6. Personal Property

- 6.1 Notwithstanding any purposes for which the Equipment may be used or that it may become in any manner affixed or attached to or

embedded in or permanently rested upon land or any structure thereon, it shall remain moveable personal property, and subject to all of the rights of Lessor under the Lease to which it is subject.

- 6.2 Lessee agrees to use all reasonable commercial efforts to obtain a waiver, if required by and in a form satisfactory to Lessor, from any landlord, mortgagee, hypothecary creditor or other encumbrancers or any person having any interest in the land or structure referred to in Section 6.1 hereof consenting to this Lease Agreement and any relevant Leasing Schedule, and to the exercise by Lessor of its rights thereunder and hereunder and declaring that such encumbrances do not affect the Equipment.
- 6.3 Solely for the purpose of, and to the extent reasonably necessary to protect the interest of the Lessor as to its title and first priority interest in the Equipment, and without election or admission that this Agreement or any Leasing Schedule is a finance lease, the Lessee grants a security interest in any interest of the Lessee in the Equipment to the Lessor.

## 7. Licence

- 7.1 Lessee agrees that Lessor:

- (a) may at any time and from time to time, if an Event of Default (s.18) has occurred and is continuing, enter upon any lands and premises where any Equipment is located with all such force as may be reasonably required, to dismantle, detach and remove the Equipment or render it unusable;
- (b) shall not be liable for any damage done to those lands or premises in exercising those rights, save only such damage as may be caused by the gross negligence or willful act of Lessor or its agents or servants; and
- (c) may, at its election, register, by way of caveat or otherwise, against those lands and premises of its rights under the Lease.

## 8. Exclusion of Warranties

- 8.1 Lessee acknowledges that the Equipment will be personally chosen and selected by Lessee and that it will be of a make, size, design and capacity specified by Lessee for the purpose intended by Lessee.
- 8.2 Lessee confirms that Lessor does not make or give any representation or warranty, express or implied, as to the Equipment, its condition, fitness or suitability for any particular use intended by Lessee.
- 8.3 Lessee shall bear the risk of any theft, loss or destruction of or damage to any item of Equipment. Lessee acknowledges that none of these events will in any way affect its obligations, which will continue in full force and effect, except to the extent of any proceeds of any insurance maintained by Lessee that are actually received by Lessor.
- 8.4 Lessee shall not exert or claim against Lessor any defense, write-off, set-off, claim or counterclaim to which Lessee may be entitled against the supplier(s), and no such right shall affect the Lessor's obligations.

## 9. Maintenance and Use

- 9.1 Lessee will, at its own expense:

- (a) keep the Equipment in good operating condition and repair including, without limitation, the repair of any damage to the Equipment, whatever the cost, except for the repair of ordinary wear and tear, provided that Lessee will repair ordinary wear and tear if such repair is required to maintain the Equipment in good operating condition and repair; and
- (b) comply in all respects with all recommendations, or requirements of the supplier(s) or manufacturer(s) regarding the Equipment, as may be necessary to preserve all warranties.

- 9.2 Any parts or anything else that are, as part of Lessee's maintenance and repair of the Equipment, placed in or upon the Equipment shall form part of the Equipment, become property of the Lessor, and be free of all adverse claims.

#### 10. Inspection

- 10.1 Lessor and its agents shall have the right to inspect the Equipment at any reasonable time upon reasonable notice to Lessee, and Lessee shall afford all reasonable facilities required by the Lessor or its agents for the purpose of inspection, and for that purpose may enter any premises where the Equipment is located.

#### 11. Insurance

- 11.1 As and from the earlier of the date upon which Lessor acquires ownership of, or title to, the Equipment or the date on which Lessee takes possession or control of the Equipment, and thereafter throughout the term of each relevant Leasing Schedule, Lessee shall, at its sole expense:

- (a) place and maintain all risks property insurance on the Equipment, in amounts satisfactory to Lessor, consistent with Lessee's normal and usual practice for insuring equipment of the same general classification. This property damage insurance shall specifically state by its wording or by endorsement that it:
- i) includes Lessor (as owner) as an additional named insured,
  - ii) includes a loss payable clause in favour of Lessor,
  - iii) includes a waiver of subrogation clause in favour of Lessor;
- (b) place and maintain comprehensive general liability insurance, and automobile liability insurance in the case of leased licensed motor vehicles, with limits of liability satisfactory to Lessor for injury to or death of any one or more persons or damage to property. Said insurance shall specifically state by its wording or by endorsement that it:
- i) extends to cover the liabilities of the Lessee from the use or possession of the Equipment,
  - ii) includes Lessor as an additional named insured, and
  - iii) includes a cross liability provision that the policy shall insure each person, firm or corporation insured thereunder in the same manner and to the same extent as if a separate policy had been issued to each, but the inclusion therein of more than one insured shall not operate to increase the limits of the insurers' liability.

- 11.2 Lessee shall supply Lessor with a certificate of insurance or other evidence satisfactory to Lessor evidencing the foregoing coverage and evidence of its renewal or replacement from time to time, so long as any Leasing Schedule remains in force and effect.

#### 12. Taxes

- 12.1 Lessee shall pay punctually all sales taxes, licence fees, business taxes, levies and assessments of every nature and kind whatsoever which be or become payable at any time or from time to time upon, or in respect of, the Equipment, and any payments to be made under this Lease Agreement or any Leasing Schedule, except for income taxes payable by Lessor.

#### 13. Adverse Claims

- 13.1 Lessee shall keep the Equipment free and clear of all adverse claims. Lessee may contest any adverse claim provided that Lessee:

- a) gives Lessor notice of the adverse claim;
- b) provides Lessor with an indemnity and collateral security, both satisfactory to Lessor; and
- c) contests the adverse claim with all due dispatch.

#### 14. Laws and Regulations

- 14.1 Lessee shall comply with all laws, by-laws and regulations relating to the ownership, possession, operation and maintenance of the Equipment including, without limiting the generality of the foregoing, laws, by-laws or regulations dealing with the protection of the environment, health and safety. Lessee will obtain and maintain all necessary licenses, permits and permissions required for the use of the Equipment.

#### 15. Alterations

- 15.1 All alterations, additions or improvements made by Lessee to the Equipment shall be at Lessee's expense and shall belong to and become the property of Lessor and be subject to all the provisions of this Lease Agreement and the relevant Leasing Schedule.

#### 16. Loss of Equipment

- 16.1 Lessee shall bear the risks of (i) any total loss, or loss that amounts, in the sole opinion of the Lessor, to a total loss of the Equipment through theft, damage, destruction, or even by superior force and (ii) any expropriation or other compulsory taking or use of the Equipment by any government or other authority ("Loss of

Equipment"). If a Loss of Equipment occurs, Lessee shall pay to Lessor an amount calculated by discounting the aggregate amount of all Rental Instalments, including the Purchase Option amount, if any, specified under the applicable Leasing Schedule which were to be paid during the remainder of the Term, using an assumed rate equal to the lesser of;

- i) five percent (5%);
- ii) the bond rate at the date, for the equivalent term to maturity, of the applicable Leasing Schedule; and
- iii) the bond rate at the date of the discount calculation for a term equivalent to the remaining term of such Leasing Schedule (with, in the case of (ii) and (iii), Canadian dollar obligations being benchmarked against bonds issued by the Government of Canada and U.S. dollar obligations being benchmarked against bonds issued by the Government of the United States of America).

- 16.2 Upon such payment, Lessor shall convey on an "as is", "where is" basis, subject to the rights of the insurer, all its right, title and interest in the Equipment and any claim for proceeds of loss of equipment, in which case the Lease shall terminate with respect to that Equipment, and no further rental payment shall be payable thereafter with respect to that Equipment. All Federal and Provincial sales or transfer taxes, licence fees and similar assessments connected with the transfer of Lessor's right, title and interest to the Equipment to Lessee shall be paid by Lessee.

#### 17. Lessee's Acknowledgements - Foreseeable Damages

- 17.1 Lessee hereby acknowledges that Lessor:

- (a) has or will acquire the Equipment at the request and direction of Lessee and for the purpose of leasing same to Lessee under a Leasing Schedule; and
- (b) intends to treat the lease of Equipment to the Lessee as a true lease and to claim over the term of the lease all available tax benefits. Lessee acknowledges that if an Event of Default occurs, Lessor's return on its investment may be adversely affected. In that case Lessor may, in addition to its immediate loss of interest on its investments, sustain and claim from Lessee other foreseeable damages which cannot be quantified on the date of execution of this Lease Agreement or any Leasing Schedule. Those damages may include, without limitation, loss of fiscal benefits for the remainder of the term of any lease of any Equipment or increased tax liabilities or both, unanticipated increased administrative costs, amortized but unrecovered setup costs, fees and disbursements as well as additional or increased monetary liabilities towards any third party lender, under or by reason of such Event of Default and the premature termination of the lease of any Equipment and the funding thereof.

#### 18. Events of Default

- 18.1 Any of the following is an "Event of Default":

- (a) Failure by Lessee to pay any Total Rental Installment or other amount pursuant to any Leasing Schedule.
- (b) Failure by Lessee to perform any of its obligations under Sections 11 or 14 of this Lease.
- (c) Failure of Lessee to perform any of its other obligations within 15 days of notice from Lessor as to the failure and requiring it to be rectified.
- (d) The bankruptcy or insolvency of Lessee, the filing against Lessee of a petition in bankruptcy, the making of an authorized assignment for the benefit of creditors by Lessee, the appointment of a receiver or trustee for Lessee or for any assets of Lessee or the institution by or against Lessee of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise, or the institution by or against Lessee of any formal or informal proceedings for the dissolution or liquidation of, settlement of, claim against or winding up of affairs of Lessee.
- (e) The amalgamation of Lessee with another corporation or corporations, or continuation of Lessee under a statute other than the statute under which it exists at the date of execution of this Lease Agreement.
- (f) If any adverse claim becomes enforceable against Lessee affecting or against any Equipment.
- (g) Failure of the Lessee to perform any obligation it may have under any agreement with Royal Bank of Canada or any of its subsidiaries.
- (h) A change that is, in the opinion of Lessor, a material adverse change in the business, financial condition or ownership of Lessee or Equipment.

#### 19. Lessor's Remedies on Default

- 19.1 If an Event of Default occurs, Lessor may, without notice to Lessee, take possession of all Equipment, and for that purpose may enter any premises where any of the Equipment is located. Lessor may sell, lease or otherwise dispose of Equipment for such consideration and upon such terms and conditions as it considers reasonable. This includes, without limitation, the right in the name of and as the irrevocably appointed agent and attorney of Lessee, to lease any item of the Equipment to any other person upon such terms and conditions, for such rental and for such period of time as Lessor may deem reasonable, without terminating or being deemed to have terminated the relevant Leasing Schedule, and to receive that rental and hold and apply it against any amount owing by Lessee to Lessor under the Lease. All of these rights are without prejudice to Lessor's other rights and recourses against Lessee, at law or in equity.
- 19.2 If an Event of Default occurs, then whether or not Lessor has taken possession of any Equipment, Lessee shall pay to Lessor on demand an amount determined as follows:
- an amount calculated by discounting the aggregate amount of all Rental Instalments, including the Purchase Option amount, if any, specified under the applicable Leasing Schedule which were to be paid during the remainder of the Term, using an assumed rate equal to the lesser of:
    - five percent (5%);
    - the bond rate at the date, for the equivalent term to maturity, of the applicable Leasing Schedule; and
    - the bond rate at the date of the discount calculation for a term equivalent to the remaining term of such Leasing Schedule (with, in the case of (ii) and (iii), Canadian dollar obligations being benchmarked against bonds issued by the Government of Canada and U.S. dollar obligations being benchmarked against bonds issued by the Government of the United States of America); plus,
  - the amount of any damages described in Section 17.1 suffered or sustained by Lessor and not recovered pursuant to Section 19.2 (a); plus
  - the amount of any Total Rental Instalments or payments of interim rental due as of the date of Event of Default and unpaid, and any other amount due on that date and unpaid under the Lease; plus
  - any cost of disposition of the Equipment; less
  - the amount of any security deposits under that Leasing Schedule and any proceeds of the disposal of the Equipment actually received by Lessor.
- 19.3 If Lessor has leased Equipment pursuant to its rights under this Section 19 it may demand payment under Section 19.2, and account to Lessee for the proceeds of that lease as and when Lessor receives them.
- 19.4 If Lessor has not taken possession of the Equipment, and Lessee pays Lessor the amount determined under Section 19.2 hereof, then Lessor will convey all of its right, title and interest in all Equipment to Lessee, on the terms of Sections 21.5 and 21.6 hereof
- 20. Lessor's Option to Terminate**
- 20.1 Lessee agrees that neither this Lease Agreement nor any Leasing Schedule, nor any interest therein or in any Equipment, shall be assignable or transferable by operation of law and it is agreed and covenanted by and between the parties hereto that if any Event of Default shall occur or happen, then this Lease Agreement and any and all Leasing Schedules shall, at the option of the Lessor to be exercised by notice hereunder, immediately end and terminate and neither this Lease Agreement nor any Leasing Schedule or any interest therein shall be an asset of Lessee after the exercise of that option; provided that no such termination shall terminate or affect any right or remedy which shall have arisen under the Lease prior to such termination.
- 21. Option to Purchase**
- 21.1 If there is no Event of Default, Lessor hereby grants to Lessee an option to purchase whatever title Lessor may have to the Equipment for the purchase price and at the time or times set forth in the relevant Leasing Schedule.
- 21.2 This option to purchase may be exercised by Lessee by giving to Lessor notice of Lessee's intention to exercise such option, at least thirty (30) days prior to the date of intended purchase, describing the Equipment with respect to which such option is being exercised.
- 21.3 The intended purchase and sale shall be concluded on a date specified in the said notice falling on or after, the date stated in the relevant Leasing Schedule, but in any event not later than the termination date of the term pertaining to the Equipment being purchased.
- 21.4 Upon the exercise of this option, there shall be a binding agreement for the sale and purchase of the Equipment described in the notice on the terms and conditions provided herein. The purchase price shall be paid to Lessor at the time of the conclusion of the sale.
- 21.5 Upon this purchase, Lessor shall sell the Equipment so purchased free and clear of all interests of Lessor under this Lease Agreement and any Leasing Schedule and thereupon this Lease shall terminate with respect to the Equipment so purchased. The sale shall be on an "as-is where-is" basis and be without representation or warranty by Lessor except that it has the right to sell the Equipment to Lessee and that it has not given any security interest in the Equipment to any third party.
- 21.6 Lessee shall bear the cost of any taxes, licence or registration fees or other assessments or charges imposed on, or connected with, the transfer of title to and ownership of the Equipment.
- 22. Remedying Defaults**
- 22.1 If Lessee shall fail to perform or comply with any of its obligations under this Lease Agreement or any Leasing Schedule, Lessor at its discretion may do all such acts and make all such disbursements as may be necessary to cure the default and any costs incurred or disbursements made by Lessor incurring any such default shall be payable by Lessee on demand.
- 23. Indemnification**
- 23.1 Lessee will indemnify Lessor and save Lessor harmless from and against all loss, costs, damage or expense of every nature and kind whatsoever sustained or suffered by Lessor, or for which the Lessor may be or become liable, resulting from:
- the execution of the Lease Agreement or any Leasing Schedule by Lessor or the purchase or ownership by Lessor of the Equipment;
  - the non-acceptance by Lessee or the failure, refusal or neglect of Lessee to accept the Equipment;
  - the moving, delivery, maintenance, repair, use, operation or possession of the Equipment by Lessee or the ownership thereof or other rights held therein by Lessor; or
  - the failure of Lessee to comply with any of its obligations under the Lease Agreement or a Leasing Schedule; unless caused by the act or neglect of Lessor, its servants or agents.
- 24. Assignment of Warranties**
- 24.1 Lessor hereby assigns to Lessee the benefit of all warranties resulting from the sale entered into with the supplier for its use during the term of the Lease.
- 25. Patent Infringement**
- 25.1 Lessee shall defend and hold Lessor free and harmless from any cost, loss, damage or expense suffered or incurred by Lessor in any suit, proceeding or otherwise so far as the same is based on any claim that the use or operation of the Equipment by Lessee infringes any patent or copyright.
- 26. Overdue Payment**
- 26.1 Any overdue payment shall bear interest at the rate of Royal Bank Prime Interest Rate plus five per cent (5%) per annum calculated monthly whether before or after judgement, from the date it is due until paid.
- 27. Delivery at Termination**
- 27.1 Lessee shall on the expiration or sooner termination of any Lease, surrender the Equipment to Lessor at a place in Canada designated by Lessor in good order and repair, ordinary wear and tear excepted.
- 27.2 In the event that with or without the consent of Lessor, Lessee remains in the possession of or uses the Equipment after the expiration of the term of the Lease pertaining thereto, all the provisions of the Lease shall apply thereto, including the payment of rental and all other payments required, unless and until the same has been surrendered pursuant to the terms of this section, or Lessor has relieved Lessee from its obligations under the Lease with respect to the Equipment.
- 28. Notice**
- 28.1 Any notice required to be given hereunder shall be in writing and may be personally delivered or sent by facsimile or may be forwarded by registered mail. If any such notice is so mailed it shall be deemed to have been given by the sender and received by the party hereto to whom it has been addressed two business days after the due mailing thereof by prepaid registered mail addressed to the address shown on page 1 of this Lease Agreement or on the same business day if sent by delivery or facsimile.

28.2 Any person to whom a notice is required to be addressed may from time to time give notice of any change of address and in such event the foregoing addresses shall be deemed to have been changed accordingly.

**29. Assignment and Sub-Letting**

29.1 Lessee will not assign any Lease or sub-let any Equipment without the prior consent in writing of Lessor, such consent not to be unreasonably withheld. No assignment of the Lease or sub-letting of any Equipment shall relieve the Lessee of its obligations hereunder nor shall any subletting be for a term which extends beyond the expiration of the term of the Lease Agreement.

**30. Corporate Waiver**

30.1 Lessee waives its right to receive a copy of any financing statement or financing change statement registered by Lessor.

30.2 The Lessee hereby acknowledges that seizure or repossession of the Equipment referred to in any Lease shall not, by implication of law, extinguish the Lessee's indebtedness under any such Lease or other collateral security.

**31. Limitation of Civil Rights - Saskatchewan**

31.1 Lessee covenants and agrees with Lessor that The Limitation of Civil Rights Act of the Province of Saskatchewan shall have no application to this Lease Agreement or any Leasing Schedule.

**32. Successors and Assigns**

32.1 The Lease Agreement and each Leasing Schedule shall enure to the benefit of, and be binding upon Lessor and Lessee, their successor and permitted assigns and the sub-lessees of Lessee. Lessor shall be at liberty to assign and otherwise deal with its rights under any Lease.

**33. Location of Equipment**

33.1 Lessee shall not part with possession of the Equipment.

33.2 Lessee declares that the Equipment will be located at the "Place of Use" in the relevant Leasing Schedule. If the location changes, Lessee will promptly give to Lessor notice of the new location not later than five (5) days after the change.

**34. Records**

34.1 Lessee shall maintain a record describing each item of Equipment, all changes, replacements, modifications and alterations thereto and the cost thereof. The record described shall be available to Lessor, its representatives or agents for inspection and to copy.

**35. Offset**

35.1 Lessee hereby waives any and all existing and future claims and offsets against any payment due to Lessor hereunder and agrees to pay those amounts due hereunder regardless of any offset or claim which may be asserted by Lessee or on its behalf.

**36. Remedies Cumulative**

36.1 All rights and remedies of Lessor hereunder are cumulative and not alternative and may be exercised by Lessor separately or together, in any order, sequence of combination.

**37. Time**

37.1 Time is and shall be in all respects of the essence of any Lease.

**38. Entire Transaction**

38.1 This Lease Agreement and Leasing Schedules represent the entire transaction between the parties hereto relating to the subject matter.

38.2 No agreement purporting to amend or modify this Lease Agreement or any Leasing Schedule or any document, paper or written relating

hereto or thereto, or connected herewith or therewith, shall be valid and binding upon the parties hereto unless in writing and signed and accepted in writing by both parties hereto.

**39. No Merger In Judgment**

39.1 The taking of any judgment under this Lease Agreement or any Leasing Schedule shall not operate as a merger of any term, condition or provision hereof or thereof.

**40. Further Assurances/Copy of Agreement**

40.1 Lessee shall give further assurances and do, execute and perform all such acts, deeds, documents and things as may be reasonably required to enable Lessor to have the full benefit of all rights and remedies intended to be reserved or created hereby.

40.2 Lessee acknowledges receipt of a copy of this Lease Agreement.

**41. Proper Law**

41.1 This Lease Agreement and each Leasing Schedule hereto shall be governed, construed and enforced in accordance with the laws of the Province of Ontario.

**42. Currency**

42.1 All sums payable by Lessee to Lessor under this Lease Agreement or any Leasing Schedule hereto shall be paid in Canadian dollars, unless otherwise specified in the Leasing Schedule.

**43. Language**

43.1 This Lease Agreement and each Leasing Schedule are drawn up in the English language at the request of both parties.

Le présent contrat de location a été rédigé en langue anglaise à la demande des deux parties.

**44. General**

44.1 Any terms herein defined in the singular number shall have a corresponding meaning when used in the plural.

44.2 Any act or deed required to be observed, performed or done hereunder falling on a Saturday, Sunday or other statutory holiday shall be observed, performed or done on the business day next following but any delay hereby granted shall not extend to relieve either party from the due performance and fulfillment of its obligations hereunder.

**45. Facsimile Language**

45.1 The Lessor will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Lessee or of a representative of the Lessee as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Lessee will keep the originals of all documents and instructions transmitted to the Lessor by facsimile, and will produce them to the Lessor upon request. Lessor and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

**46. Financial Information**

46.1 Lessee will provide to the Lessor from time to time such information about Lessee and Lessee's business as the Lessor shall reasonably request, including, without limitation, bank and financing ratings, any financial statements prepared by or for Lessee regarding Lessee's business.


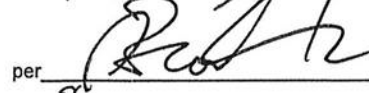
In witness whereof the parties hereto have executed this Lease Agreement on the 16th day of June, 2010 over the hands of their proper signing officers duly authorized in that behalf:

Royal Bank of Canada

per   
per 

Revised 12/05

London Civic Centre Corporation o/a John Labatt Centre

per   
per 





## Leasing Schedule

(PPSA - S)

Lessee # 848413159 Lease # 201000042974

Royal Bank of Canada, as Lessor, hereby leases to LONDON CIVIC CENTRE CORPORATION as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of June 16, 2010

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
	2	2018 Zamboni	Mitsubishi R4	526-11967 526-11968
2. Term	Term (in months)			60
	Commencement Date of Term			September 28, 2018
	Termination Date of Term			September 28, 2023
3. Rental	Rental Installment, payable Monthly, in advance			\$3,613.83
	GST/HST, if any			\$469.80
	PST/QST, if any			\$0.00
	Total Monthly Rental Installment			\$4,083.63
	Security Deposit			\$0.00
	Other Charges (plus applicable taxes)			\$500.00
4. Option to Purchase	Option to Purchase Date			Purchase Price
	September 27, 2023			\$1.00
5. Place of Use	99 Dundas St London Ontario N6A 6K1			
6. Equipment Acceptance Certificate	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands, rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.			

As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The Lessee covenants and agrees with the Lessor that the Lessee is not entering into, and will not otherwise direct, administer or operate, this Leasing Schedule for the benefit or on behalf of any Person other than the Lessee. "Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association and any other incorporated or unincorporated entity.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

### ROYAL BANK OF CANADA

per

  
Eugene Basolini  
Head, Equipment Finance Solution Centre

date

### LONDON CIVIC CENTRE CORPORATION

per

per

date

Cost of borrowing 4.82%  
Monthly payment -3613.83  
Number of Payments 60  
Bargain purchase option 1  
Expected life 10 years

NPV of payments \$192,343.00  
PV of BPO 1  
\$192,343.79

# Zamboni Lease

Inception of capital lease  
Dr. PPE 192,343.79  
Cr. Capital lease obligation 192,343.79

		Balance	Interest	Principal	Payment	
1	2018-09-28	\$192,343.79	771.78	2,842.05	3,613.83	\$192,343.79
2	2018-10-31	\$189,501.74	760.38	2,853.45	3,613.83	\$189,501.74
3	2018-11-30	\$186,648.28	748.93	2,864.90	3,613.83	<b>\$186,648.28</b>
4	2018-12-31	\$183,783.38	737.43	2,876.40	3,613.83	\$183,783.38
5	2019-01-31	\$180,906.98	725.89	2,887.94	3,613.83	\$180,906.98
6	2019-02-28	\$178,019.04	714.30	2,899.53	3,613.83	\$178,019.04
7	2019-03-31	\$175,119.51	702.67	2,911.16	3,613.83	\$175,119.51
8	2019-04-30	\$172,208.35	690.99	2,922.84	3,613.83	\$172,208.35
9	2019-05-31	\$169,285.50	679.26	2,934.57	3,613.83	\$169,285.50
10	2019-06-30	\$166,350.93	667.48	2,946.35	3,613.83	\$166,350.93
11	2019-07-31	\$163,404.58	655.66	2,958.17	3,613.83	\$163,404.58
12	2019-08-31	\$160,446.41	643.79	2,970.04	3,613.83	\$160,446.41
13	2019-09-30	\$157,476.38	631.87	2,981.96	3,613.83	\$157,476.38
14	2019-10-31	\$154,494.42	619.91	2,993.92	3,613.83	\$154,494.42
15	2019-11-30	\$151,500.50	607.90	3,005.93	3,613.83	\$151,500.50
16	2019-12-31	\$148,494.56	595.83	3,018.00	3,613.83	\$148,494.56
17	2020-01-31	\$145,476.57	583.72	3,030.11	3,613.83	\$145,476.57
18	2020-02-28	\$142,446.46	571.57	3,042.26	3,613.83	\$142,446.46
19	2020-03-31	\$139,404.20	559.36	3,054.47	3,613.83	\$139,404.20
20	2020-04-30	\$136,349.73	547.10	3,066.73	3,613.83	\$136,349.73
21	2020-05-31	\$133,283.00	534.80	3,079.03	3,613.83	\$133,283.00
22	2020-06-30	\$130,203.97	522.44	3,091.39	3,613.83	\$130,203.97
23	2020-07-31	\$127,112.58	510.04	3,103.79	3,613.83	\$127,112.58
24	2020-08-31	\$124,008.79	497.59	3,116.24	3,613.83	\$124,008.79
25	2020-09-30	\$120,892.55	485.08	3,128.75	3,613.83	\$120,892.55
26	2020-10-31	\$117,763.80	472.53	3,141.30	3,613.83	\$117,763.80
27	2020-11-30	\$114,622.50	459.92	3,153.91	3,613.83	\$114,622.50
28	2020-12-31	\$111,468.59	447.27	3,166.56	3,613.83	\$111,468.59
29	2021-01-31	\$108,302.03	434.66	3,179.27	3,613.83	\$108,302.03
30	2021-02-28	\$105,122.76	421.81	3,192.02	3,613.83	\$105,122.76
31	2021-03-31	\$101,930.73	409.00	3,204.83	3,613.83	\$101,930.73
32	2021-04-30	\$98,725.90	396.14	3,217.69	3,613.83	\$98,725.90
33	2021-05-31	\$95,508.21	383.23	3,230.60	3,613.83	\$95,508.21
34	2021-06-30	\$92,277.61	370.26	3,243.57	3,613.83	\$92,277.61
35	2021-07-31	\$89,034.04	357.25	3,256.58	3,613.83	\$89,034.04
36	2021-08-31	\$85,777.46	344.18	3,269.65	3,613.83	\$85,777.46
37	2021-09-30	\$82,507.81	331.06	3,282.77	3,613.83	\$82,507.81
38	2021-10-31	\$79,225.04	317.89	3,295.94	3,613.83	\$79,225.04
39	2021-11-30	\$75,929.10	304.67	3,309.16	3,613.83	\$75,929.10
40	2021-12-31	\$72,619.94	291.39	3,322.44	3,613.83	\$72,619.94
41	2022-01-31	\$69,297.50	278.06	3,335.77	3,613.83	\$69,297.50
42	2022-02-28	\$65,961.72	264.67	3,349.16	3,613.83	\$65,961.72
43	2022-03-31	\$62,612.56	251.23	3,362.60	3,613.83	\$62,612.56
44	2022-04-30	\$59,249.97	237.74	3,376.09	3,613.83	\$59,249.97
45	2022-05-31	\$55,873.88	224.19	3,389.64	3,613.83	\$55,873.88
46	2022-06-30	\$52,484.24	210.59	3,403.24	3,613.83	\$52,484.24
47	2022-07-31	\$49,081.01	196.94	3,416.89	3,613.83	\$49,081.01
48	2022-08-31	\$45,664.11	183.23	3,430.60	3,613.83	\$45,664.11
49	2022-09-30	\$42,233.51	169.46	3,444.37	3,613.83	\$42,233.51
50	2022-10-31	\$38,789.14	155.64	3,458.19	3,613.83	\$38,789.14
51	2022-11-30	\$35,330.95	141.77	3,472.06	3,613.83	\$35,330.95
52	2022-12-31	\$31,858.89	127.83	3,486.00	3,613.83	\$31,858.89
53	2023-01-31	\$28,372.89	113.85	3,499.98	3,613.83	\$28,372.89
54	2023-02-28	\$24,872.91	99.80	3,514.03	3,613.83	\$24,872.91
55	2023-03-31	\$21,358.88	85.70	3,528.13	3,613.83	\$21,358.88
56	2023-04-30	\$17,830.75	71.55	3,542.28	3,613.83	\$17,830.75
57	2023-05-31	\$14,288.47	57.33	3,556.50	3,613.83	\$14,288.47
58	2023-06-30	\$10,731.97	43.06	3,570.77	3,613.83	\$10,731.97
59	2023-07-31	\$7,161.20	28.73	3,585.10	3,613.83	\$7,161.20
60	2023-08-31	\$3,576.11	14.35	3,599.48	3,613.83	\$3,576.11

Month 1  
Dr. Interest expense 771.78  
Dr. Capital lease obligation 2,842.05  
Dr. Amortization expense 1,602.86  
Cr. Cash 3,613.83  
Cr. Accumulated amortization 1,602.86

Month 2  
Dr. Interest expense 760.38  
Dr. Capital lease obligation 2,853.45  
Dr. Amortization expense 1,602.86  
Cr. Cash 3,613.83  
Cr. Accumulated amortization 1,602.86

Principal Payments FY19 28,939.20  
Principal Payment FY20 36,292.00  
Principal payment FY21 38,078.54  
Principal payment FY22 39,953.03  
Principal payment FY23 41,919.80  
Principal payment FY24 7,184.58