

January 6, 2016

Councillor Fletcher  
Ward 30, Toronto-Danforth  
100 Queen Street West, Suite C44  
Toronto, ON  
M5H 2N2

Dear Councillor Fletcher:

I wanted to take this opportunity to provide you with an update on our discussions regarding construction of a hockey arena in the Port Lands. As you know, following meetings that PortsToronto management had with you on January 21, 2015, and February 12, 2015, PortsToronto issued a Request for Expression of Interest (RFEI) on April 23, 2015, followed by a Request for Proposal (RFP), in order to identify a suitable developer/operator which could devise a viable business plan, construct the building and manage the operations of the arena once completed. For our part, PortsToronto would make available a 1.5 hectare piece of land on our property that we would lease at a competitive rate to enable the construction and eventual operation of the arena.

Three proposals were submitted by three qualified proponents in the fall of 2015. Each submission was reviewed by an evaluation committee made up of representatives from PortsToronto, Waterfront Toronto, and HLT Advisory Inc., a firm that specializes in arena development.

Regrettably, through the RFP process several issues were identified that now necessitate a reevaluation of the project. Among the issues raised was the size of the available tract of land. Specifically, the arena complex put forward by the proponents, and required to ensure a viable and efficient operation, exceeds what PortsToronto can make available given our existing terminal tenants/users. The other key challenge which emerged was the business model and investment structure that was put forth by all proponents. This business model required significant financial investment from PortsToronto which does not comply with the provisions specified in PortsToronto's federal Letters Patent.

PortsToronto is disappointed that certain significant challenges have emerged that require us to take a step back and develop another approach to the lands in this area. We remain committed to optimizing this property to the benefit of the surrounding community and will look at other opportunities and approaches to do so. We hope to work closely with you and your team as we continue to work on ideas to optimize this property to the benefit of the community and will continue to keep you apprised of our progress. We have also made the Waterfront Secretariat and Waterfront Toronto aware of our decision and will post this letter on our website to ensure that others are kept informed.

Sincerely,

A handwritten signature in black ink, appearing to read "Geoffrey A. Wilson".

Geoffrey A. Wilson  
Chief Executive Officer

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