

TAX AGREEMENT

THIS AGREEMENT made the 5th day of December, 2019.

AMONG:

THE CITY OF CALGARY, a corporation pursuant to section 4 of the *Municipal Government Act*, RSA 2000 Chapter M-26
("The City")

- and -

CALGARY MUNICIPAL LAND CORPORATION, a corporation pursuant to the laws of Alberta
("CMLC")

- and -

CALGARY SPORTS AND ENTERTAINMENT CORPORATION, a corporation pursuant to the laws of Alberta, in its capacity as general partner for and on behalf of **CALGARY FLAMES LIMITED PARTNERSHIP**
("CSEC")

- and -

CSE REAL ESTATE CORPORATION, a corporation pursuant to the laws of Alberta, in its capacity as general partner for and on behalf of **CSE REAL ESTATE LIMITED PARTNERSHIP**
("CSERELP")

WHEREAS pursuant to the Rivers District CRL Bylaw (as defined below) The City, acting through Council adopted the Rivers District Community Revitalization Plan and Rivers District Community Revitalization Plan Extension as defined therein (collectively, as amended, supplemented, restated or replaced from time to time, the "**Revitalization Plan**");

AND WHEREAS CMLC was established to implement and execute the Revitalization Plan and in accordance with the Revitalization Plan, The City has delegated its responsibilities and authorities for administration of the Revitalization Plan to CMLC;

AND WHEREAS the Rivers District Master Plan created by CMLC, in consultation with The City and CSEC as key stakeholders, contemplates an event centre;

AND WHEREAS The City, CMLC, CSERELP and CSEC have a shared interest in the continued revitalization of the Rivers District for the benefit of all Calgarians;

AND WHEREAS at the July 29, 2019 Combined Meeting of Council, Council directed City Administration to negotiate and execute all definitive documents and agreements and take all actions required to conclude the agreements, arrangements and transactions contemplated in Report C2019-0964 and the attachments thereto;

AND WHEREAS The City, CSEC, CSERELP and CMLC will enter into a development management agreement (the "**Development Management Agreement**") in respect of the design, development and construction of an Event Centre (as defined herein), the goal of the Event Centre being to catalyse development in the Rivers District and help achieve Council's objectives identified in the following documents:

- Revitalization Plan;
- Rivers District Master Plan;
- Beltline Area Redevelopment Plan;
- Calgary's economic development strategy; and
- Council's downtown strategy;

AND WHEREAS pursuant to the project framework agreement between The City, CSERELP and CSEC (the "**Project Framework Agreement**"), CSERELP will contribute 50% of the capital costs for the design, development and construction of the Event Centre, which will be 100% owned by The City and will become a public asset;

AND WHEREAS pursuant to the authority under Section 381.2 (in Division 4.1 of Part 10) of the *Municipal Government Act*, RSA 2000 Chapter M-26 ("**Act**"), Council passed bylaw 27M2007 (known as the Rivers District Community Revitalization Levy Bylaw) to, *inter alia*, authorize the imposition of a community revitalization levy in the Rivers District (the "**CRL**"), which bylaw was approved by the Lieutenant Governor in Council on behalf of the Province on July 17, 2007;

AND WHEREAS pursuant to Section 5 of the Rivers District Regulation, Council passed bylaw 2M2019 (known as the Rivers District Community Revitalization Levy Amending Bylaw Number 1) (bylaw 27M2007 and 2M2019, collectively the "**Rivers District CRL Bylaw**") to amend the Rivers District Community Revitalization Levy Bylaw to extend the term of the CRL in the Rivers District to 2047, which bylaw was approved by the Lieutenant Governor in Council on behalf of the Province on February 12, 2019;

AND WHEREAS for the period of the CRL, pursuant to section 381.4 of the Act and Section 11(4) of the Rivers District Regulation, the Province has agreed to forgo a portion of its property tax revenues in the Rivers District to enable The City to leverage this contribution to fund infrastructure, development and redevelopment in the Rivers District as contemplated in the Revitalization Plan;

AND WHEREAS, in accordance with the Revitalization Plan, the CRL is levied and collected by The City through the property tax system and the amounts collected through the CRL are to be used to fund redevelopment efforts in the Rivers District, including the development of public assets and contributions to placemaking efforts in East Victoria Park;

AND WHEREAS pursuant to a management and lease agreement to be entered into between The City, CSERELP and CSEC (the "**Management and Lease Agreement**"), The City, as owner of the Event Centre, will lease the Event Centre to CSERELP and CSERELP will be fully responsible for the operation, direction, management, maintenance, repair, furnishing, equipping and supervision of the Event Centre;

AND WHEREAS CSEC has guaranteed the obligations of CSERELP pursuant to the Management and Lease Agreement and CSEC will occupy the Event Centre for operating a Professional Sports Franchise, in accordance with the terms of the Management and Lease Agreement, for so long as the Management and Lease Agreement remains in effect;

AND WHEREAS CSERELP, as the lessee and manager of the Event Centre after the Turnover Date, will be assessed and taxed in accordance with the requirements of the Act, including Parts 9 to 12 thereof;

AND WHEREAS the Event Centre will be tax exempt property pursuant to section 362(1)(b) of the Act prior to the Turnover Date and will cease to be tax exempt property once it is leased to a lessee following the Turnover Date;

AND WHEREAS the Event Centre will be located entirely within the Rivers District and, pursuant to section 11(2) of the Rivers District Regulation, the assessed value of the Event Centre will be subject to the CRL;

AND WHEREAS section 13 of the Rivers District Regulation provides that except as modified by the Rivers District Regulation, Parts 9 to 12 of the Act (which includes section 333.1 of the Act) relating to the assessment and taxation of property apply with the necessary modifications to a community revitalization levy;

AND WHEREAS section 333.1(1) of the Act provides that the council of a municipality may make a tax agreement with an assessed person who occupies or

manages (i) The City's property (including property under the direction, control and management of The City) or (ii) property for the purpose of operating a Professional Sports Franchise;

AND WHEREAS section 333.1(2) of the Act provides that a tax agreement may provide that, instead of paying the taxes imposed under Part 10 and any other fees or charges payable to the municipality, the assessed person may make an annual payment to the municipality calculated under the tax agreement;

AND WHEREAS section 333.1(3) of the Act provides that a tax agreement under section 333.1 must provide that the municipality accepts payment of the amount calculated under the tax agreement in place of the taxes and other fees or charges specified in the tax agreement;

AND WHEREAS the parties wish to enter into a tax agreement pursuant to section 333.1 of the Act with respect to the taxes and any other fees or charges imposed under Division 2 (Property Tax), Part 10 of the Act including with respect to the CRL;

NOW, THEREFORE, IN CONSIDERATION of the hereinbefore recited promises and the mutual covenants of the Parties, **THIS AGREEMENT WITNESSETH THAT THE PARTIES AGREE AS FOLLOWS:**

1. DEFINITIONS

1.1 In this Agreement:

1.1.1 "**Act**" has the meaning set out in the recitals;

1.1.2 "**Agreement**" means this tax agreement;

1.1.3 "**Applicable Laws**" means, with respect to any Person, property, agreement, transaction or event, all applicable present and future laws, statutes, bylaws, codes, ordinances, decrees, rules, regulations, treaties, City policies, federal or provincial policies or guidelines and judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, directives, rulings or awards, general principles of common law and conditions of any grant of approval, permission, authority, licence or registration of any federal or provincial court, statutory body, regulatory authority, agency, commission, tribunal, board, department of any government, or any other governmental authority, including any self-regulatory organization recognized by such governmental authority;

1.1.4 "**Assessed Person**" has the meaning set out in section 304 of the Act;

- 1.1.5 "**Business Day**" means any day other than a Saturday, Sunday or statutory holiday in the Province of Alberta;
- 1.1.6 "**Council**" means the municipal council of The City of Calgary;
- 1.1.7 "**CRL**" has the meaning set out in the recitals;
- 1.1.8 "**CRL Period**" has the meaning set out in Section 3.2;
- 1.1.9 "**Development Management Agreement**" has the meaning set out in the recitals;
- 1.1.10 "**Due Date**" means the date specified by bylaw annually on which property taxes become due and payable to The City in each and every year of the Term;
- 1.1.11 "**Event**" means a scheduled event or program held at the Event Centre including, but not limited to, hockey games, sporting activities, or concerts;
- 1.1.12 "**Event Centre**" means the land and improvements as defined in the Management and Lease Agreement and includes the Interior Facility, Secondary Facility, and Retail Component;
- 1.1.13 "**Event of Insolvency**" has the meaning given in the Management and Lease Agreement;
- 1.1.14 "**Excluded Taxes**" means business taxes, business improvement area tax, local improvement charges and any other rates, assessments or charges which now are, or may be levied, rated, charged or assessed against the Event Centre or any portions thereof, by any lawful taxing authority, whether municipal, provincial, school or otherwise during the Term of the Agreement other than those imposed under 353(2)(a) or (b) of the Act and Division 4.1 of Part 10 of the Act;
- 1.1.15 "**Interior Facility**" means the approximately 18,000 and maximum 19,000 seat primary event centre facility to be constructed in accordance with the Project Framework Agreement and Development Management Agreement including the arena bowl, seating, concourses, on-site parking, amenities related to the use of the arena bowl, interior office space, media rooms or areas, dressing rooms, referee or official rooms, emergency rooms, interior concessions, retail premises and all land attributed to the facility, but excluding the Retail Component and excluding the Secondary Facility;

- 1.1.16 "**Management and Lease Agreement**" has the meaning set out in the recitals;
- 1.1.17 "**Outstanding Amount**" has the meaning set out in Section 3.3.2 of this Agreement;
- 1.1.18 "**Party**" means any one of The City, CSERELP, CSEC or CMLC; and "**Parties**" means The City, CSEC, CSERELP and CMLC;
- 1.1.19 "**Person**" has the meaning given in the Management and Lease Agreement;
- 1.1.20 "**Professional Sports Franchise**" has the meaning contemplated in the Act and as defined in the *Community Organization Property Tax Exemption Regulation*, AR 281/98, as amended, supplemented or replaced from time to time;
- 1.1.21 "**Project Framework Agreement**" has the meaning set out in the recitals;
- 1.1.22 "**Province**" means the government of the province of Alberta;
- 1.1.23 "**Retail Component**" means all street facing commercial and retail facilities with any frontage on the exterior of the Event Centre, including those facilities on 12th Avenue and Olympic Way SE and all land attributed to the commercial and retail facilities;
- 1.1.24 "**Revitalization Plan**" has the meaning set out in the recitals;
- 1.1.25 "**Rivers District**" means the City of Calgary Rivers District community revitalization levy area established pursuant to section 3 of the Rivers District Regulation;
- 1.1.26 "**Rivers District CRL Bylaw**" has the meaning set out in the recitals, as amended, supplemented or replaced from time to time;
- 1.1.27 "**Rivers District Regulation**" means the *City of Calgary Rivers District Community Revitalization Levy Regulation*, AR 232/2006, as amended, supplemented or replaced from time to time;
- 1.1.28 "**Secondary Facility**" means, if constructed in accordance with the provisions of the Project Framework Agreement and the Development Management Agreement the separate community skating rink with seating areas bordering the skating rink and concourses, amenities

related to the use of the skating rink, all building systems forming part thereof and all land attributed to the facility;

1.1.29 "**Tax Notice**" means a written notice of the amounts owing by the Assessed Person for taxes pursuant to Part 10 of the Act and includes the amounts payable under Sections 3.1 and 3.2 of this Agreement;

1.1.30 "**Term**" has the meaning set out in Section 2.1 of this Agreement;

1.1.31 "**Turnover Date**" has the meaning set out in the Project Framework Agreement and the Development Management Agreement.

2. TERM

2.1 The term of this Agreement (the "**Term**") shall commence on the Turnover Date and expire on the earlier of (a) expiry of the Management and Lease Agreement; and (b) earlier termination of this Agreement pursuant to the provisions of this Agreement.

2.2 If CSERELP assigns the Management and Lease Agreement, The City shall be entitled in its sole discretion to terminate this Agreement by providing written notice to CSERELP, subject to Section 5.1.

2.3 This Agreement shall terminate immediately on the earliest of the following:

2.3.1 written notice from The City to terminate pursuant to Section 2.2 or 3.3.2.3 of this Agreement;

2.3.2 termination of the Management and Lease Agreement;

2.3.3 an amendment to the Act which renders this Agreement unenforceable or which materially impacts the enforceability of this Agreement; or

2.3.4 written agreement of the Parties to terminate the Agreement.

3. PART 10 TAXES

3.1 From the Turnover Date and continuing to the end of the Term, subject to Section 4.2, instead of paying the portion of the property tax under section 353(2)(a) of the Act and the portion of the CRL that is equivalent to or corresponds to the portion of the property tax that would otherwise be imposed

under Section 353(2)(a) of the Act if the CRL was not in effect, in each case in respect of the Interior Facility and Secondary Facility:

3.1.1 CSERELP shall make an annual payment of ^[FOIP Sections 16(1) and 16(2)]
_[FOIP Sections 16(1) and 16(2)] (in the aggregate) to The City for each and every year of the Term of this Agreement; and

3.1.2 The City shall accept the annual payment specified in Section 3.1.1 in place of the portion of the property tax that would otherwise be due and owing under section 353(2)(a) of the Act and in respect of the portion of the CRL that is equivalent to or corresponds to the portion of the property tax that would otherwise be imposed under Section 353(2)(a) of the Act if the CRL were not in effect, in each case in respect of the Interior Facility and the Secondary Facility.

3.2 From the Turnover Date and continuing until December 31, 2047 (the “**CRL Period**”), subject to Section 4.2, instead of paying the portion of the property tax under section 353(2)(b) of the Act and the portion of the CRL that is equivalent to or corresponds to the portion of the property tax that would otherwise be imposed under Section 353(2)(b) of the Act if the CRL were not in effect, in each case in respect of the Interior Facility and Secondary Facility:

3.2.1 CSERELP shall make an annual payment of ^[FOIP Sections 16(1) and 16(2)]
_[FOIP Sections 16(1) and 16(2)] (in the aggregate) to The City for each and every year during the CRL Period; and

3.2.2 The City shall accept the annual payment specified in Section 3.2.1 in place of the portion of the property tax that would otherwise be due and owing under section 353(2)(b) of the Act and in respect of the portion of the CRL that is equivalent to or corresponds to the portion of the property tax that would otherwise be imposed under Section 353(2)(b) of the Act if the CRL were not in effect, in each case in respect of the Interior Facility and the Secondary Facility.

3.3 Tax Notice and Payment

3.3.1 Annually, The City shall send a Tax Notice to CSERELP at least 30 days before the Due Date and CSERELP shall submit to The City the annual payments owing under Sections 3.1.1 and 3.2.1 in full on or before the Due Date.

3.3.2 If the full amount of the annual payments owing under Sections 3.1.1 and 3.2.1, as stated on the Tax Notice, are not paid by the Due Date (an “**Outstanding Amount**”):

- 3.3.2.1 the Outstanding Amount shall become a debt owing to The City and shall bear the penalty on unpaid taxes as set out in The City's Bylaw 8M2002, *A Bylaw of The City of Calgary to Fix the Penalty on Unpaid Taxes*, as amended, supplemented or replaced from time to time;
- 3.3.2.2 CSERELP shall indemnify and reimburse The City for all costs associated with collecting the Outstanding Amount and any penalties levied under Section 3.3.2.1; and
- 3.3.2.3 if the Outstanding Amount is not paid by CSERELP for a period of 2 years from the Due Date, then The City shall be entitled to terminate this Agreement by providing written notice to CSERELP.

3.3.3 Section 3.3.2 shall survive the termination or expiry of this Agreement.

3.4 CMLC acknowledges that it will not receive CRL from The City with respect to the Interior Facility and Secondary Facility subject to Section 3.5.

3.5 During the CRL Period, if and to the extent that, notwithstanding Sections 3.1 and 3.2, the amount of taxes, fees or other charges assessed to CSERELP under Divisions 2 and 4.1 of Part 10 of the Act in any calendar year is in excess of the aggregate annual amounts set forth in Sections 3.1.1 and 3.2.1 (such excess in respect of a calendar year, a "**CRL Period Excess Amount**"), CSERELP shall be responsible for paying the CRL Period Excess Amount and, provided that CSERELP pays the CRL Period Excess Amount, The City shall pay (or cause CMLC to pay) to CSERELP in respect of that calendar year an amount equal to the CRL Period Excess Amount, in recognition of, and partial reimbursement to, CSERELP for its capital contribution to 50% of the costs of development of the Event Centre and its ongoing obligation to operate, maintain and repair the Event Centre all of which constitute costs of development of the Rivers District as contemplated in the Revitalization Plan and Rivers District Master Plan, provided, for greater certainty, The City and CMLC's obligation under this Section 3.5 does not apply to (A) any penalties, fines, interest or similar amounts due to late payment, (B) any Excluded Taxes, or (C) any taxes to which this Agreement does not apply pursuant to Section 4.2.

3.6 After the CRL Period and throughout the balance of the Term, if and to the extent that, notwithstanding Section 3.1, the portion of the property tax assessed to CSERELP under section 353(2)(a) of the Act in any calendar year is in excess of the annual amount set forth in Section 3.1.1 (such excess in respect of calendar year, a "**Post-CRL Excess Amount**"), CSERELP shall be

responsible for paying the Post-CRL Period Excess Amount, and provided CSERELP pays the Post-CRL Excess Amount, The City shall pay to CSERELP an amount in respect of that calendar year equal to Post-CRL Excess Amount paid by CSERELP, provided, for greater certainty, The City's obligation under this Section 3.6 does not apply to (A) any penalties, fines, interest or similar amounts due to late payment, (B) the portion the property taxes imposed under section 353(2)(b) of the Act, (C) any Excluded Taxes, or (D) any taxes to which this Agreement does not apply pursuant to Section 4.2.

3.7 The City shall make the payments referred to in Sections 3.5 and 3.6 hereof within forty-five (45) days following the end of the applicable calendar year and in default thereof, CSERELP shall have all remedies available to it at law.

4. GENERAL

4.1 For greater certainty, this Agreement only applies to the tax payable under Division 2, Part 10 and the CRL payable pursuant to Division 4.1, Part 10 of the Act, in each case in respect of the Interior Facility and the Secondary Facility and this Agreement does not apply to any other taxes (including Excluded Taxes) that may be due and payable in respect of the Interior Facility and Secondary Facility pursuant to Part 10 of the Act.

4.2 This Agreement does not apply to, and CSERELP shall pay (where it is the Assessed Person) any taxes, charges and other fees that may be payable under Part 10 of the Act in respect of the following:

- (a) the Retail Component;
- (b) any other portion of the Event Centre other than the Interior Facility or Secondary Facility; or
- (c) any portion of the Interior Facility or Secondary Facility that:
 - (i) is occupied or managed by an Assessed Person other than CSERELP or CSEC;
 - (ii) is not occupied or managed by CSERELP or CSEC; or
 - (iii) is not (A) property of The City (which includes property that is under the direction, control or management of The City) or (B) property used for the purposes of operating a Professional Sports Franchise.

5. ASSIGNMENT

5.1 CSERELP shall not assign this Agreement in whole or in part without the prior written consent of The City, which consent may be withheld in The City's sole discretion. Notwithstanding the foregoing, in the event of an assignment of

this Agreement to an assignee of CSERELP's interest as lessee and manager under the Management and Lease Agreement (the "**MLA Assignment**") where approval to the MLA assignment by The City is either not required or has been granted, subject to provisions of the Act and The City's ability to enter into a tax agreement with the proposed assignee, The City's consent to an assignment of this Agreement shall not be unreasonably withheld.

5.2 This Agreement shall enure to the benefit of and be binding upon CSERELP's permitted assigns.

5.3 In the event a permitted assign fails to make the full annual payments required under Sections 3.1 and 3.2 of this Agreement, CSERELP agrees that it shall remain fully liable for and shall indemnify The City for (i) the Outstanding Amount(s), (ii) any penalties payable in respect of the Outstanding Amount(s) pursuant to Section 3.3.2.1 and (iii) all costs associated with collecting the Outstanding Amount(s) and any penalty. This Section 5.3 shall survive the termination or expiry of this Agreement.

6. OTHER ACTS

6.1 Each of the Parties covenants and agrees with the other that each shall, from time to time and at all times hereafter, make, do, and execute or cause or procure to be made, done or executed such further acts, deeds and assurances as may be necessary to carry into effect the terms of this Agreement.

7. NON-WAIVER

7.1 The waiver of any covenant, condition or provision hereof must be in writing. The failure of any Party, at any time, to require strict performance by the other of any covenant, condition or provision hereof shall in no way affect such Party's right thereafter to enforce such covenant, condition or provision, nor shall the waiver by any Party of any breach of any covenant, condition or provision hereof be taken or held to be a waiver of any subsequent breach of the same or any covenant, condition or provision.

8. SEVERABILITY

8.1 If any of the terms and conditions as contained in this Agreement are at any time during the continuance of this Agreement held by any Court of competent jurisdiction to be invalid or unenforceable in the manner contemplated herein,

then such terms and conditions shall be severed from the rest of the said terms and conditions, and such severance shall not affect the enforceability of the remaining terms and conditions in this Agreement.

9. GOVERNING LAWS

9.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, and the Parties will attorn to the exclusive jurisdiction of the courts of the Province of Alberta.

10. NOTICE

10.1 Notice or other correspondence required or permitted to be given to the Parties pursuant to this Agreement shall be in writing and shall be sufficiently given when delivered to the following addresses (or to any other address or to the attention of any other person as may be designated in writing by a Party):

To The City:

The City of Calgary
8th Floor, 800 Macleod Trail SE
Calgary, Alberta T2G 2M3

Attention: City Treasurer
Fax No.: 403-268-2578

With a copy to:

The City of Calgary
12th Floor, 800 Macleod Trail SE
Calgary, Alberta T2G 2M3

Attention: City Solicitor
Fax No.: 403-268-4634

To CMLC:

Calgary Municipal Land Corporation
430 – 8th Avenue S.E.
Calgary, Alberta T2G 0L7

Attention: President and Chief Executive Officer
Fax No.: 403-718-0500

With a copy to:

Osler, Hoskin & Harcourt LLP
Suite 2500, TransCanada Tower
450 1st Street S.W.
Calgary, Alberta T2P 5H1

Attention Rob Housman
Fax No.: 403-260-7024

To CSEC:

Calgary Sports and Entertainment Corporation
555 Saddledome Rise SE
Calgary, Alberta T26 2W1

Attention: President and Chief Executive Officer
Fax No.: 403-777-5349

To CSERELP:

c/o Calgary Sports and Entertainment Corporation
555 Saddledome Rise SE
Calgary, Alberta T26 2W1

Attention: President and Chief Executive Officer
Fax No.: 403-777-5349

Any Notice so given shall be deemed conclusively to have been given and received: (i) if personally delivered, on the date of delivery; or (ii) if sent by facsimile, on the first (1st) Business Day after its transmission; or (iii) if sent by prepaid registered mail, on the third (3rd) Business Day following the date of mailing, provided that for such purposes no day during which there shall be a strike or other occurrence which shall interfere with normal mail service shall be considered a Business Day. No such Notice shall be mailed during any actual or apprehended disruption of postal services.

11. GUARANTEE

11.1 Guaranteed Obligations

11.1.1 CSEC hereby agrees that it absolutely and unconditionally guarantees to The City, the prompt payment when due, of all amounts due under this Agreement including, without limitation, administration fees, interest,

charges and other amounts of any kind whatsoever payable under this Agreement by CSERELP and the observance and performance of all other covenants, provisions and obligations of whatsoever kind contained in or arising out of this Agreement, which are to be observed and performed by CSERELP under this Agreement (collectively the "**Guaranteed Obligations**").

11.1.2 If any or all of the Guaranteed Obligations are not duly paid or performed by CSERELP and are not paid or performed by CSEC under Section 11.1.1 for any reason whatsoever, CSEC shall, as a separate and distinct obligation, indemnify and save harmless The City from and against all losses resulting from the failure of CSERELP to pay or perform such Guaranteed Obligations, other than any Guaranteed Obligations for which CSERELP has a defense or are otherwise not enforceable against CSERELP unless, in any such case, such defence or unenforceability is as a result of an Event of Insolvency in respect of CSERELP.

11.2 No Discharge or Diminishment of Guarantee

11.2.1 The obligations of CSEC hereunder are unconditional and absolute and not subject to any reduction, limitation, impairment or termination for any reason (other than the payment in full and performance in full of the Guaranteed Obligations), including (i) any claim of waiver, release, extension, renewal, settlement, surrender, alteration, or compromise of any of the Guaranteed Obligations, by operation of law or otherwise; (ii) any change in the corporate or partnership existence, structure or ownership of CSERELP or of any other Person liable for any of the Guaranteed Obligations; (iii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting CSERELP or CSEC (including, without limitation, any Event of Insolvency) (each, an "**Obligated Party**"), or their assets or any resulting release or discharge of any obligation of any Obligated Party; or (iv) the existence of any claim, setoff or other rights which CSEC may have at any time against any Obligated Party, The City or any other Person, whether in connection herewith or in any unrelated transactions.

11.2.2 The obligations of CSEC hereunder are not subject to any defense or setoff, counterclaim, recoupment, or termination whatsoever by reason of the invalidity, illegality, or unenforceability of any of the Guaranteed Obligations or otherwise, or any provision of Applicable Law purporting to prohibit payment by any Obligated Party, of the Guaranteed Obligations or any part thereof.

11.2.3 Further, the obligations of CSEC hereunder are not discharged or impaired or otherwise affected by: (i) the failure of The City to assert any claim or demand or to enforce any remedy with respect to all or any part of the Guaranteed Obligations; (ii) any waiver or modification of or supplement to any provision of any agreement relating to the Guaranteed Obligations; or (iii) any default, failure or delay, willful or otherwise, in the payment or performance of any of the Guaranteed Obligations, or any other circumstance, act, omission or delay that might in any manner or to any extent vary the risk of CSEC or that would otherwise operate as a discharge of CSEC as a matter of law or equity (other than the payment in full and performance in full of the Guaranteed Obligations).

11.3 Defenses Waived

11.3.1 To the fullest extent permitted by Applicable Law, CSEC hereby waives any defense based on or arising out of any defense of CSERELP or CSEC or the unenforceability of all or any part of the Guaranteed Obligations from any cause, or the cessation from any cause of the liability of CSERELP or CSEC, other than the payment in full and performance in full of the Guaranteed Obligations. Without limiting the generality of the foregoing, CSEC irrevocably waives acceptance hereof, presentment, demand, protest and, to the fullest extent permitted by Applicable Law, any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against any Obligated Party, or any other Person. The City may, at its election, compromise or adjust any part of the Guaranteed Obligations, make any other accommodation with any Obligated Party or exercise any other right or remedy available to it against any Obligated Party, without affecting or impairing in any way the liability of CSEC under this guarantee except to the extent the Guaranteed Obligations have been fully paid and performed. To the fullest extent permitted by Applicable Law, CSEC waives any defense arising out of any such election even though that election may operate, pursuant to Applicable Law, to impair or extinguish any right of reimbursement or subrogation or other right or remedy of CSEC against any Obligated Party or any security.

11.4 CSEC Acknowledgments

11.4.1 CSEC hereby acknowledges that The City shall not be required to (and CSEC hereby waives any right to require The City to):

11.4.1.1 proceed against or exhaust any remedy against CSERELP or any other indemnifier or guarantor or any other Person;

11.4.1.2 proceed against or exhaust any security given by CSERELP or any other Person to The City; or

11.4.1.3 pursue any other remedy available to The City. The City has the right to enforce this guarantee regardless of the acceptance of additional security from CSERELP or any other Person and regardless of any release or discharge of CSERELP by The City or by others or by operation of any law,

before making a claim hereunder against CSEC.

11.5 Demand

11.5.1 If any Guaranteed Obligation is not performed or paid for any reason whatsoever when due or payable by CSERELP, The City may treat such Guaranteed Obligation as due or payable and may demand forthwith from CSEC: (a) performance of the applicable Guaranteed Obligation to be performed hereunder; and/or (b) payment of the total amount of the applicable Guaranteed Obligation guaranteed hereunder. CSEC shall pay to or perform in favour of The City the total amount (or the total performance) of the applicable Guaranteed Obligation forthwith after demand therefor is made to CSEC.

11.6 Rights of Subrogation

11.6.1 CSEC will not assert any right, claim or cause of action, including, without limitation, a claim of subrogation, contribution or indemnification that it has against any Obligated Party, or any collateral, until CSERELP and CSEC have fully performed all of the obligations, provisions and covenants to be performed by CSERELP under this Agreement.

11.7 Information

11.7.1 CSEC assumes all responsibility for being and keeping itself informed of CSERELP's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that CSEC assumes and incurs under this guarantee, and agrees that The City shall not have any duty to advise CSEC of information known to it regarding those circumstances or risks.

11.8 Survival

11.8.1 The provisions of this Article 11 shall survive the expiration of the Term or sooner termination of this Agreement including, without limitation, any

disclaimer of this Agreement by or on behalf of CSERELP if an Event of Insolvency occurs in respect of CSERELP.

12. AMENDMENTS

12.1 This Agreement may not be amended other than by the written agreement of the Parties.

13. FOIP

13.1 The Parties acknowledge that both The City and CMLC are subject to the protection and disclosure provisions of the *Freedom of Information and Protection of Privacy Act*, R.S.A. 2000, Chapter F-25 ("**FOIP**"), as amended, revised or substituted from time to time and, notwithstanding anything contained in this Agreement, that information submitted and in the possession of The City and CMLC may be governed by FOIP and may be eligible for disclosure in accordance with the requirements of same. In each case, if The City or CMLC at any time receives a request for access to any information pertaining to this Agreement or the Project pursuant to the FOIP Act, The City or CMLC, as applicable, shall, unless prohibited by Applicable Law, (a) notify the other Parties of the potential disclosure if and to the extent required by, and in accordance with, the FOIP Act (b) withhold any information as required by the FOIP Act and (c) limit disclosure to only what is required pursuant to the FOIP Act.

14. ENTIRE AGREEMENT

14.1 Except for the Management and Lease Agreement, this Agreement shall constitute the entire agreement between the Parties relating to the property taxes under Section 353 of the Act and the CRL in relation to the Event Centre following the Turnover Date and there are no other related representations, conditions, covenants or warranties with respect thereto other than those expressed herein.

15. CONFLICT

15.1 If there is a conflict between this Agreement and the Management and Lease Agreement, as between The City, CSERELP and CSEC the provisions of the Management and Lease Agreement shall prevail.

16. INTERPRETATION

- 16.1 All references shall be read with such changes in number and gender as may be appropriate according to whether the reference is to a male or female person, or a corporation or partnership.
- 16.2 All references to sections are to this Agreement unless expressly stated otherwise.
- 16.3 The insertion of headings is for convenience of reference only and shall not be construed so as to affect the interpretation or construction of this Agreement.
- 16.4 The reference to any legislation or regulations in this Agreement shall be deemed to include all amendments thereto and all regulations thereunder and all legislation, statutes or regulation, including all amendments thereto and regulations thereunder, that may be substituted for that legislation or regulation.
- 16.5 The word "shall" is to be read and interpreted as mandatory.
- 16.6 The recitals to this Agreement are incorporated into and form an integral part of this Agreement.

17. COUNTERPARTS

- 17.1 This Agreement may be executed in one or more original counterparts, all of which together shall constitute one and the same document.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

SIGNED, SEALED AND DELIVERED

APPROVED	
As to Content	
As to Form Solicitors	

THE CITY OF CALGARY

Per: “D. Duckworth”

Name:

Title:

Per: “L.M. Kennedy”

Name:

Title:

/We have the authority to bind the above.

CALGARY MUNICIPAL LAND CORPORATION

Per: “M. Brown”

Name:

Title:

Per: “K. Bwanali”

Name:

Title:

/We have the authority to bind the above.

CALGARY SPORTS AND ENTERTAINMENT CORPORATION in its capacity as general partner for and on behalf of **CALGARY FLAMES LIMITED PARTNERSHIP**

Per: “J. Bean”

Name: John Bean

Title: President and CEO

Per: “K.M. King”

Name: Ken M. King

Title: Vice Chairman

/We have the authority to bind the above.

**CSE REAL ESTATE CORPORATION in its
capacity as general partner for and on behalf of
CSE REAL ESTATE LIMITED PARTNERSHIP**

**Per: _____ "J. Bean"
Name: John Bean
Title: President and CEO**

**Per: _____ "K.M. King"
Name: Ken M. King
Title: Vice Chairman**

I/We have the authority to bind the above.