



University of Toronto

BUSINESS AFFAIRS

TO: Business Board

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DATE: June 3, 2004 for June 17, 2004

AGENDA ITEM: 7(d)

ITEM IDENTIFICATION:

Varsity Stadium Project – Interim Authority

JURISDICTIONAL INFORMATION:

The Business Board reviews and approves the financial viability of all capital projects.

PREVIOUS ACTION TAKEN:

None

HIGHLIGHTS:

The University is investigating the possibility of building a new Varsity stadium in a partnership with the Toronto Argonauts and the Canadian Soccer Association. Total cost is estimated to be \$80 million. The federal and provincial governments have committed \$35 million to the project, conditional on Canada being awarded the Men's Under 20 World Soccer Championships for 2007. Donors have committed another \$15 million to this project. The University would borrow the remaining \$30 million.

The Argos would operate the Stadium, taking all the revenues and paying all the costs. Included in these costs would be the principal and interest on the U of T debt.

This structure allows us to build a 25000 seat stadium, suitable for soccer, football and other field sports and including a 6 lane track with an 8 lane straightaway.

The University would retain ownership of the land and buildings, and would have approval rights on all critical issues. The University would be the primary user of the facility.

Because the Argos are interested in having the facility ready for June 2006, they are willing to accept the risk that the project may not proceed and willing to finance the work needed to do the design, traffic studies, parking studies, rezoning applications and the like over the summer.

Our plan is to negotiate a non-binding letter of intent, that defines the basic points of the deal, and forms the basis for the more detailed contractual arrangements that would be entered into if the government funding is confirmed and the project is approved by the Governing Council in October, after it has gone through the normal review process.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

None at this point.

RECOMMENDATION:

It is recommended that the Business Board approve:

THAT the Interim Vice President, Business Affairs is authorized to negotiate a non-binding Letter of Intent that:

1. describes the basic points of the understanding between the University and the Toronto Argonauts
2. confirms that any interim expenses incurred to do the preliminary design and related studies and for any rezoning applications and other necessary preliminary work, will be paid by the Toronto Argonauts, on the understanding that these will form part of the project costs if the project is to proceed
3. other terms as may be necessary to protect the interests of the University.