



Our Ref. 32745

March 13, 2018

Attention: Michael Kuh
United Bid Committee of Canada, Mexico and United States, LLC ('UBC')
c/o their legal representatives,
Latham & Watkins LLP
885 Third Avenue
New York, NY 10022-4834

**Re: Vancouver Host City Bid for 2026 FIFA World Cup™ - Stadium Agreement
between the Canadian Soccer Association and British Columbia Pavilion
Corporation**

Dear members of the United Bid Committee:

Further to your correspondence from March 11, I would like to reiterate that the BC pavilion Corporation ('PavCo') and the Province of British Columbia would be pleased to host the 2026 World Cup™. Vancouver and British Columbia have had great success hosting international sporting events. We are well-equipped to continue hosting and supporting international competitions and expect our partnerships with the Government of Canada, the United States and Mexico would mean a successful FIFA World Cup™ in 2026.

The PavCo operates BC Place Stadium in Vancouver, British Columbia, Canada, and has hosted both the FIFA Women's World Cup™ 2015 and the 2010 Winter Olympic and Paralympic Games. We are excited to have the opportunity to be included as the Stadium Authority in Vancouver's Host City bid to participate in the joint bid submission by the United Bid Committee of Canada, Mexico and United States to host the FIFA World Cup™ in 2026. The World Cup boasts some of the most avid fans and supporters from across the globe – many of whom live, work and play in Vancouver.

We agree, in principle, with many of the terms contained in the Stadium Agreement ('SA'), we do have some concerns about the costs to British Columbian taxpayers. Certain key terms of the SA are so broad in scope that, based on our legal counsel advice, we believe that they may pose unacceptable risks to PavCo and its shareholder, the Province.

We have enclosed a copy of our letter from March 9, 2018 where we outlined some of these concerns. PavCo and its shareholder, the Province of British Columbia, are confident that through substantive and productive discussions with both FIFA and CSA and, based on the proven collective experience and

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expertise of the parties in delivering successful FIFA events, we can work together to create a SA that secures the delivery of a memorable 2026 FIFA World Cup™ in Vancouver.

We would be very pleased to discuss this with you at your earliest opportunity.

I look forward to hearing further from you on these matters in the interests of securing a successful bid that includes the BC Place Stadium.

Please be assured of our continued enthusiasm to host the World Cup.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Carroll', written in a cursive style.

Sandra Carroll
Deputy Minister

Encl. Bid Submission Letter March 9, 2018



VIA COURIER TO:

March 9, 2018

United Bid Committee of Canada, Mexico and United States, LLC ('UBC')
c/o their legal representatives,
Latham & Watkins LLP
885 Third Avenue
New York, NY 10022-4834

Attention: Michael Kuh

And by referral of UBC to:

Fédération Internationale de Football Association ('FIFA')
FIFA-Strasse 20
8044 Zürich
Switzerland

Re: Vancouver Host City Bid for 2026 FIFA World Cup™ -
Stadium Agreement between the Canadian Soccer Association
and British Columbia Pavilion Corporation

Dear Ladies and Gentlemen,

The B.C. Pavilion Corporation ('PavCo') operates BC Place Stadium in Vancouver, British Columbia, Canada, and hosted both the FIFA Women's World Cup™ 2015 and the 2010 Winter Olympic and Paralympic Games. We are excited to have the opportunity to be included as the Stadium Authority in Vancouver's Host City bid to participate in the joint bid submission by the United Bid Committee of Canada, Mexico and United States to host the FIFA World Cup™ in 2026.

While we agree in principle to many of the terms contained in the Stadium Agreement ('SA') provided, certain key terms of the document are so uncertain and broad in scope, and pose unacceptable risk, that they prevent PavCo at this time from providing an irrevocable offer in response. PavCo is therefore unable to sign the SA as provided, or provide a legal opinion regarding the enforceability of the SA. Those key terms include, but are not limited to:

- **Indemnities, Guarantees and Waivers**
Pursuant to the *Guarantees and Indemnities Regulation* of our Province's *Financial Administration Act*, PavCo as a government corporation is restricted from providing an indemnity to a third party either without obtaining prior approval for such indemnity by the provincial Minister of Finance or as authorized by the Risk Management Branch of the Ministry of Finance.

The indemnities, guarantees and waivers currently sought from PavCo in the SA are sufficiently broad and expansive to impose potential risks, exposures and liabilities that are unquantifiable. We would require significant further information on this item in order

for PavCo to request that the provincial Ministry of Finance reasonably consider this matter for approval.

- Unilateral Amendment in Favour of FIFA/CSA

Amplifying the risks identified in relation to indemnities, guarantees and waivers in the SA is the unilateral ability of FIFA/CSA to alter the obligations of the Stadium Authority over the term of the SA [including subsections 3.1(ii), 3.2(ii) and (iii), 3.3.1, 3.3.2(ii) and (iii), and sections 3.4 and 3.6].

While PavCo appreciates the desire of CSA and FIFA to create in 2018 a Stadium Agreement that has the contractual flexibility to respond to evolving needs until 2026, the proposed terms are unnecessarily broad, create unacceptable risks and require further clarification and information.

- Safety and Security

The obligations imposed concerning safety and security are exceptionally broad in that they include not only the property of BC Place Stadium, but also potentially areas not controlled by PavCo. Moreover, the SA seeks representations from PavCo regarding the security obligations of governments and other parties. PavCo is unable to offer any such representations or terms on behalf of those parties.

- Securing Property from Third Parties

Various Stadium Authority obligations extend beyond property owned or controlled by PavCo, including the scope of the "Controlled Area" which FIFA/CSA have the future right to determine. The potentially significant costs and other complexities of securing control of property owned by third parties will require further discussion, clarity and certainty.

- Fees, Costs and Inflation

The SA provides for the payment of certain fees to PavCo, but it is unclear whether such fees will include inflation escalators. As the expectation is for PavCo to incur future significant and yet unknown costs imposed by FIFA until 2026 the inflation risk is significant and requires further discussion.

- Pitch

A natural grass pitch that meets FIFA requirements would need to be installed over the current artificial turf at BC Place Stadium. Costs related to the installation of a grass turf and related watering, maintenance and lighting systems, all currently excluded from the draft Stadium Rental Fee, will require agreement and confirmation of a source of funds. Additionally, the parties will need to address the requirement for a Contingency Pitch.

PavCo is confident that through substantive and productive discussions with both FIFA and CSA, based on the proven experience and expertise of the parties in delivering successful FIFA events, we can together create a workable SA that secures the delivery of a memorable 2026 FIFA World Cup™ in Vancouver.

As a product of our professional relationship with CSA and as contemplated by Annexe 3 of the SA, we enclose for preliminary discussion an unexecuted and non-binding draft of our Stadium Rental Fee for BC Place Stadium pending resolution of the Stadium Agreement terms. We also enclose an unmodified and unexecuted copy of the Stadium Agreement. If Vancouver were to be selected as a 2026 FIFA World Cup™ Host City, PavCo would be pleased to engage with FIFA in a good faith negotiation as contemplated in subsection 13.1(ii) to conclude an agreement as the Vancouver Stadium Authority on FIFA's behalf.

I look forward to hearing further from you on these matters further in the interests of securing a successful bid that includes the BC Place Stadium.

Sincerely,



**Ken Cretney, President and CEO
B.C. PAVILION CORPORATION**

Encl.
Annexe 2 of SA
Annexe 3 of SA
SA template