

**STRATFORD SHAKESPEAREAN FESTIVAL
HOLDING FOUNDATION**

Anita Gaffney,
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February 1, 2018

DELIVERED BY E-MAIL

City of Stratford
1 Wellington Street
Stratford, Ontario
N5A 6W1

Attention: **Mr. Rob Horne, Chief Administrative Officer**
Telecopy: **519-271-1586**
E-Mail: **rhorne@stratfordcanada.ca**

Dear Sirs and Mesdames:

Re: New Tom Patterson Theatre Centre (the “**New Theatre**”)
48 Water Street, Stratford, Ontario

We are grateful for the opportunity to move forward on this exciting project with the City. To that end, this Letter of Intent is being provided in order to confirm the basic business terms relating to The Corporation of the City of Stratford selling the lands municipally known 48 Water Street, Stratford, Ontario.

The basic terms for the timely execution and delivery of a final agreement of purchase and sale for the Property (defined below) between the parties (the “**Purchase Agreement**”) are as follows:

1. **Seller**: The Corporation of the City of Stratford (the “**City**”).
2. **Buyer**: Stratford Shakespearean Festival Holding Foundation (the “**Festival**”).
3. **Property**: The lands comprised of approximately 3.64 acres and municipally known as 48 Water Street, Stratford, Ontario (the “**Property**”). The planning approvals for the New Theatre development on the Property along with adjacent lands already owned or being purchased by the Festival (collectively, the “**Development**”) will be processed in two (2) phases, with the approvals for the initial phase of the Development being processed prior to the closing of this transaction (the “**Closing**”) and the approvals for the second phase will be processed following the Closing.
4. **Purchase Price**: \$4,000,000.00.
5. **Other Contributions**: In addition, the Festival shall also make or has already made a one (1) time payment of: (a) \$600,000.00 to construct improvements to the Agriplex building located at 357 McCarthy Road West for the benefit of the Stratford Lakeside Active Adults Association; and (ii) \$200,000.00 to construct lawn bowling improvements for the benefit of the City’s Lawn Bowling Association; and (c) \$100,000.00 to facilitate the City’s timely removal from the Property of the items referred to in subsection 7(b) below.

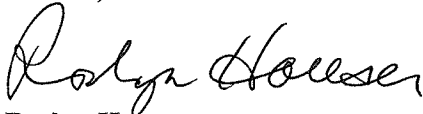
6. **Closing Date:** Closing will be conditional on the Upper Thames River Conservation Authority granting the requisite approval and the City granting site plan approval and issuing a building permit for the initial phase of the Development in respect of the lands currently zoned Park with the parties working cooperatively and expeditiously to ensure that all approvals are issued in a timely manner provided that the closing date shall be no later than March 20, 2018. This condition is solely for the Festival's benefit.
7. **Closing Matters:** On Closing, the City will also:
 - (a) deliver good and marketable title to the Property free and clear of all encumbrances. In that regard, the Festival will surrender its existing theatre lease on Closing;
 - (b) deliver vacant possession of the Property. The City shall also remove in a safe and professional manner: (i) the Cummins Standby Generator-Unit only (excluding electrical or fuel supply systems); (ii) Variable Air Volume ("VAV") boxes as installed as part of the 2014 HVAC project (excluding any ductwork or dampers attached to the boxes); (iii) Mircom controls to the extent forming a part of the VAV-HVAC system only; and (iv) the two (2) engineered air units installed as part of the 2014 HVAC project located on the south/east portion of the roof. The Festival will grant the City access to the existing theatre prior to Closing to facilitate same. The City will remove its personal property, including its tables, chairs and memorabilia not required by the Festival; and
 - (c) grant the Festival the permanent use of the unused portion of the adjacent Water Street road allowance to accommodate parking for the Development.
8. **Public Access to Parking and Gardens:** On Closing, the Festival will agree to permit public use of the parking spaces along the Water Street frontage during those periods when the Festival is not in operation and to permit public use of the parking spaces along the Morenz Drive frontage on a year round basis free of charge so long as 15 Morenz Drive is utilized for community space. The Festival will also agree to permit public access to the gardens. The site plan agreement for the Development will reflect these commitments.
9. **Rezoning:** The Festival will support the initiation by the City, following Closing, of a site specific zoning amendment to consolidate the zoning of the Development into a single zoning category and to specify that the permitted uses will be limited to a theatre and ancillary/accessory uses related to the artistic and programming needs of the Festival and its patrons as such needs may evolve from time to time including cafeteria, café, restaurant complementary to the theatre use, event spaces, gift shops, studios for theatre purposes, theatre associated offices, classrooms in conjunction with a theatre, and rehearsal facilities.
10. **Right of First Offer:** Once the New Theatre is constructed, if the Festival in its sole discretion elects to sell the Property to an unrelated entity and the Property is no longer used predominantly as a theatre (as this use evolves from time to time) for a material time thereafter, the City will have the first right of opportunity (the "ROFO") to attempt to negotiate a binding agreement of purchase and sale for the Property for a period of one hundred and twenty (120) days. If the Festival and the City do not execute a binding purchase and sale agreement for the Property during that period, the Festival will be at liberty to sell the Property to a third party at a purchase price that is not materially less than that offered to the City and the ROFO will be of no further force or effect. The ROFO and the City's resulting rights will be postponed and subordinated to the rights of the Festival's arm's length mortgagees from time to time.
11. **Purchase Agreement:** The parties agree to negotiate in good faith and execute the Purchase Agreement. Until such time, this Letter of Intent shall bind the parties and govern. Once the Purchase Agreement is executed and delivered, this Letter of Intent shall thereafter be of no further force or effect.

- 12. **Community Uses:** The Festival will allow the City, pursuant to a written agreement acceptable to each of the parties acting reasonably, to utilize the New Theatre (other than the auditorium) for agreed upon community uses including but not limited to the Kiwanis Music Festival and similar uses during such times not required by the Festival. The City shall bear all third party costs in connection therewith.
- 13. **Counterparts:** This Letter of Intent may be executed in as many counterparts as the parties hereto may deem necessary or convenient, and each such counterpart, shall be deemed an original but all of which together shall constitute but one and the same document. This Letter of Intent and/or counterparts hereof may also be executed either in original, PDF and/or faxed form and the parties adopt any signatures received by a receiving fax machine or PDF as original signatures of the parties.

If this Letter of Intent accurately reflects your understanding of the principal terms for the Purchase Agreement, please sign the enclosed copy of this letter below and then date and return it to the attention of the undersigned by no later than 12:00 p.m. (noon) on Monday, **February 5, 2018**.

Yours very truly,

STRATFORD SHAKESPEAREAN FESTIVAL HOLDING FOUNDATION
 by its solicitors, **GOODMANS LLP**

Per: 
Roslyn Houser

Accepted and agreed to by the undersigned this _____ day of February, 2018.

THE CORPORATION OF THE CITY OF STRATFORD

By: _____
 Title: _____

I have authority to bind the Corporation.