



## Greater Toronto Airports Authority

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**Louis A. Turpen**  
President and Chief Executive Officer

May 22, 2003

Her Majesty the Queen in Right of Canada  
as represented by the Minister of Transport  
330 Sparks Street  
Ottawa, ON  
K1A 0N5

Dear Minister:

**Re: Air Rail Link between Toronto Union Station and the Toronto Lester B. Pearson International Airport ("Air Rail Link")**

The Greater Toronto Airports Authority ("GTAA") acknowledges that Her Majesty the Queen in right of Canada ("Transport Canada") issued a 'Request for Expressions of Interest, Air Rail Link from Lester B. Pearson International Airport to Union Station' ("RFEOI") dated April 12, 2001, a copy of which was reviewed by the GTAA, to persons interested in financing, designing, constructing, operating and maintaining the Air Rail Link, a passenger railway service between Toronto Union Station and the Lester B. Pearson International Airport ("LBPIA").

GTAA also acknowledges that, pursuant to the RFEOI, Transport Canada qualified four respondents (each a "Respondent"). Transport Canada proposes to issue to each Respondent a 'Request for Business Case, Air Rail Link from Toronto Lester B. Pearson International Airport to Union Station' ("RFBC") dated May 2003, requesting a business case response ("Response") for financing, designing, constructing, operating and maintaining the Air Rail Link. GTAA has an interest and is a stakeholder in the proposed Air Rail Link because the GTAA is responsible for the management, operation and maintenance of LBPIA, and as such, the involvement of the GTAA in the Air Rail Link is required.

GTAA understands that there are stakeholders ("Stakeholders") in addition to the GTAA whose collective involvement in the Air Rail Link is required, and that they are each issuing letters to Transport Canada, with respect to the terms and conditions of their involvement in the Air Rail Link. Major Stakeholders such as GTAA have provided in Appendix 3 to the RFBC a form of letter agreement ("Stakeholder Agreement Letter") in favour of each

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Respondent which when negotiated and settled by a Respondent with the relevant Stakeholder will form part of the Response.

GTAA has reviewed a final draft copy of the RFBC, the proposed elements of a conceptual alignment of the proposed Air Rail Link as described in such final draft, and the terms and conditions upon which the Respondents are to submit a Response to the RFBC to Transport Canada. GTAA understands that this letter will be annexed to the RFBC, for the information of the Respondents.

In consideration of Transport Canada acting as a facilitator of the Process (as defined in the RFBC) and of the benefits which will accrue to GTAA if the Air Rail Link is financed, designed, constructed, maintained and operated by the Successful Respondent (as defined below), and of the access fees to be paid by the Successful Respondent to GTAA, and of other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the GTAA, the GTAA hereby agrees with Transport Canada as follows:

1. The role of Transport Canada is to facilitate the Process whereby a Respondent may be selected by Transport Canada as the successful respondent ("Successful Respondent"). Such selection will then permit the Successful Respondent to enter into Final Stakeholder Agreements with each of the Stakeholders to implement the terms and conditions of each Stakeholder Agreement Letter.
2. The Air Rail Link can only be designed, constructed, operated and maintained through agreements ("Final Stakeholder Agreements") between the Successful Respondent and each Stakeholder.
3. In order for each Respondent to submit a Response, such Respondent must have certainty as to the terms and conditions on which GTAA is prepared to enter into a Final Stakeholder Agreement with such Respondent, should it be selected as the Successful Respondent.
4. The form of Stakeholder Agreement Letter of GTAA is annexed to the RFBC in Appendix 3. Such Stakeholder Agreement Letter contains mandatory terms and an optional provision relating to baggage handling. Such optional provision may be negotiated between the Respondent and GTAA in good faith. Subject to reaching agreement on the optional bulk baggage issue with a Respondent, GTAA agrees to execute and deliver a Stakeholder Agreement Letter with such Respondent in the form annexed in Appendix 3 to the RFBC.

5. Any requests for information and data required by a Respondent from the GTAA in connection with the Process will be submitted to Transport Canada who will provide the GTAA information and data to such Respondent, provided that it has executed a confidentiality agreement with Transport Canada. Except for the negotiation of the optional provisions, discussed in 4 above, the GTAA shall not deal with any of the Respondents directly.
6. The Final Stakeholder Agreement between GTAA and the Respondent will have terms and provisions additional to those set forth in the Stakeholder Agreement Letter. In the case of GTAA, the Final Stakeholder Agreement will be comprised of a minimum of three separate agreements: this Stakeholder Agreement Letter; a development and construction agreement ("Development Agreement"); and an operating and maintenance agreement ("Operating Agreement"). GTAA agrees to negotiate all such agreements with the Successful Respondent in good faith in order that the Final Stakeholder Agreement may be settled and executed and delivered within the time periods described in the Stakeholder Agreement Letter. The Final Stakeholder Agreements will contain those commercial and legal terms which the GTAA customarily imposes on its tenants and licensees of the Airport.
7. As part of the Final Stakeholder Agreements, GTAA will grant, and will cause Greater Toronto Airports Authority Associate Inc. to grant in respect of the Dorman Road Properties, the Successful Respondent a non-exclusive right of access to a corridor ("Corridor") as generally described in Schedule "B" to the Stakeholder Agreement Letter provided by GTAA contained in Appendix 2 of the RFBC. Such access shall be subject to the Ground Lease and other rights of the GTAA as contained in the GTAA Stakeholder Agreement Letter. The Corridor and its alignments are further described in the Earth Tech report ("Earth Tech Report") and the Delcan drawings entitled "Twin Tracks ARL Elevated Guideway for Orlando Area and Slough Estates Area" ("Delcan Report"). For greater certainty the Corridor includes the right of access to the T1 New Station. The feasibility of constructing the portion of the alignment from Airport Road to T1 (New) was the subject of a study commissioned by the GTAA's Groundside Construction Manager, Ellis-Don (the "Ellis-Don Study").
8. At the written request of Transport Canada, the GTAA will permit the Respondent and its representatives to have access to the Airport for the purpose of obtaining information in order to permit the Respondent to prepare its Response, subject to the Respondent executing access agreements satisfactory to the GTAA

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and the Respondent delivering insurance certificates in a form satisfactory to the GTAA.

9. GTAA acknowledges and agrees that:

- (a) Transport Canada will not be a part of or involved in any negotiations between any Respondent and GTAA;
- (b) Transport Canada shall have no obligation or responsibilities with respect to financing, designing, constructing, operating or maintaining the Air Rail Link;
- (c) Transport Canada shall have no liability to GTAA arising out of or related to the Stakeholder Agreement Letter, the Final Stakeholder Agreements or any other agreements relating to the Air Rail Link, between the GTAA and a Respondent;
- (d) Transport Canada shall have no liability of any kind to the GTAA arising out of or related to the Process, including the RFEOI and the RFBC;
- (e) Except for a payment of \$25 million to compensate the GTAA in connection with certain enabling works associated with the Air Rail Link undertaken by the GTAA at the request of Transport Canada. Transport Canada is not obligated pursuant to the Process, to provide any funding to the GTAA of the Successful Respondent with respect to or in connection with the Air Rail Link. With respect to the funding to compensate the GTAA, Transport Canada is in the process of seeking the required approvals and authority. In the event that Transport Canada cannot obtain such approvals and authority, the GTAA reserves the right to withdraw this letter and the Stakeholder Agreement Letter; and
- (f) Nothing contained in this letter nor any acts of GTAA or Transport Canada shall constitute or be deemed to constitute GTAA and Transport Canada as partners, joint venturers or principal and agent in any way or for any purpose. GTAA shall not represent or hold itself out to be an agent of the Transport Canada.

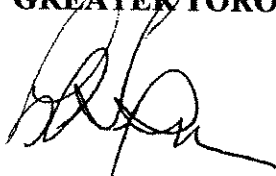
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10. During the term of the Operating Agreement with the Successful Respondent, and provided that the Respondent is not in default of its obligations under the Final Stakeholder Agreement, GTAA shall not operate its Airport People Mover or any passenger rail transportation system similar to the Air Rail Link, from the perimeter of the Airport to the CN Western Subdivision just west of Highway 427.
11. Intentionally deleted.
12. GTAA shall cooperate with Transport Canada, the Stakeholders, and the Respondents in order to facilitate the creation of the Air Rail Link and shall act reasonably with respect to any issues which arise with respect to the involvement of GTAA in the Air Rail Link, which are not specifically addressed in this letter or the Stakeholder Agreement Letter, contained in Appendix 3 to the RFBC, provided such commitment to cooperate and act reasonably does not involve the expenditure of money by the GTAA, does not expose the GTAA to additional liabilities, does not delay or modify the GTAA's construction schedule, does not derogate or deviate from the commitments made in the Stakeholder Agreement Letter, or in no way derogates from the ability of the GTAA to manage, operate and maintain the Airport, all of which shall be in the GTAA's sole discretion.
13. This letter shall be a binding undertaking of GTAA in favour of Transport Canada and it shall be governed by and construed in accordance with the laws of the Province of Ontario and it shall enure to the benefit of Transport Canada and its successors and assigns and shall be binding upon GTAA and its successors.

Yours very truly,

**GREATER TORONTO AIRPORTS AUTHORITY**



Louis A. Turpen  
President and Chief Executive Officer