

Clause embodied in Report No. 3 of the Economic Development and Parks Committee, as adopted by the Council of the City of Toronto at its meeting held on April 14, 15 and 16, 2003.

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**The Boulevard Club, 1491 Lake Shore  
Boulevard West, Amended Lease  
Agreement (Ward 14 Parkdale-High Park)**

*(City Council on April 14, 15 and 16, 2003, amended this Clause by inserting after the words “reconstruct the facility”, in the fourth paragraph of Section 1 - General Terms, of Appendix “A”, headed “Terms of Amended Lease Agreement”, to the joint report dated February 28, 2003, from the Commissioner of Economic Development, Culture and Tourism and the Commissioner of Corporate Services, the following:*

*“with a project value of not less than \$5.0 million and subject to acceptable financing by The Boulevard Club, and”,*

*so that such fourth paragraph now reads as follows:*

*“The Boulevard Club will within five (5) years of commencement of the agreement demolish and/or renovate the existing buildings or a portion thereof and reconstruct the facility, with a project value of not less than \$5.0 million and subject to acceptable financing by The Boulevard Club, and in accordance with plans and specifications approved by the City’s Commissioner of Economic Development, Culture and Tourism or his designate (the ‘Commissioner’), acting reasonably, at The Boulevard Club’s sole expense and at no cost to the City whatsoever. The Boulevard Club shall provide letters of credit, Performance Bonds and other security as required by the Commissioner and in a form satisfactory to the City Solicitor.”)*

**The Economic Development and Parks Committee recommends:**

- (1) the adoption of the joint report (February 28, 2003) from the Commissioner of Economic Development, Culture and Tourism and the Commissioner of Corporate Services; and**
- (2) that approval of the provision that the City of Toronto not object to the lease of Provincial water lots, be subject to a favourable report by the Commissioner of Economic Development, Culture and Tourism directly to City Council that such a lease will not be an impediment to other City of Toronto initiatives on the Waterfront.**

**The Economic Development and Parks Committee submits the joint report (February 28, 2003) from the Commissioner of Economic Development, Culture and Tourism and the Commissioner of Corporate Services:**

Purpose:

To amend the existing lease agreement with the Boulevard Club at the City-owned property at 1491 Lake Shore Boulevard West.

Financial Implications and Impact Statement:

Current revenue from this lease agreement is \$52,882.00 per year which will stay constant for the first two years and then increase in accordance with the rental schedule in this report. This amount is subject to an additional annual CPI increase over the last ten years of the agreement. There is also the potential for additional rent increases in a renewal option of 10 years at the conclusion of the term of the amended agreement. In addition, the Club will be making capital improvements to the existing facilities at the Boulevard Club estimated at \$9.9 Million dollars. The Boulevard Club is responsible for all operating costs, capital repairs, property taxes and any other costs associated with their occupancy of the property.

It is noted that, notwithstanding the property is under the jurisdiction of the Parks and Recreation Division, the rental revenue from this location is currently recorded in the Facilities and Real Estate Division budget. Staff of the two divisions are concluding the process of rationalizing the lease portfolios of each Division and the associated revenue reporting will be resolved with the assistance of Finance staff over the next three months.

The Chief Financial Officer and Treasurer has reviewed this report and concurs with the financial impact statement.

Recommendations:

It is recommended that:

- (1) authority be granted to enter into an amended lease agreement with The Boulevard Club, for the City-owned property at 1491 Lake Shore Boulevard West, Toronto, as described in the proposed terms of the amended agreement attached as Appendix "A", the terms and conditions detailed in this report and in a form and content satisfactory to the Commissioner of Economic Development, Culture and Tourism and the City Solicitor;
- (2) this report be forwarded to the Administration Committee for information; and
- (3) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

The former City of Toronto entered into a long-term lease agreement for a 6.88 acre property located at 1491 Lake Shore Boulevard West in 1967 with the Boulevard Club. The Boulevard Club has operated a private recreational club during this time in accordance with the agreement.

In 2002, the City of Toronto was approached by the Boulevard Club to enter into discussions to amend its existing lease agreement. A series of detailed negotiations have been completed as outlined in this report, and have involved staff from the Parks and Recreation Division, Real Estate Division and City Legal Division. The negotiations have been concluded and the terms of the proposed agreement have been adopted by the Board of Directors of the Boulevard Club and are now subject to approval from City of Toronto Council.

The existing lease with the Boulevard Club, which has a term running to July 31, 2029, has an annual rent of \$52,882.00 per year with no review mechanism until 2009. While the Boulevard Club has a long and significant history within the community, it is currently experiencing a decline in membership, primarily due to facilities that are not appropriate to their membership base, and an aging and increasingly expensive infrastructure. Significant capital renewal is required and a strategic planning process undertaken by the Club over the last year has called for the renewal of the club through removal of the curling facility, and clubhouse improvements including expansion of the fitness facility, providing a new indoor pool, providing a teen and youth activity room, and a playground. Other improvements to the building infrastructure, parking lot, locker rooms and the dining area and kitchen are planned. This ambitious renewal program has a budget of \$9,900,000.00 and will require a combination of membership contributions and a financial plan which is the sole responsibility of the Boulevard Club. This renewal program has been approved by the Board of Directors of the Club and adopted by the general membership.

In order to undertake the renewal program, there is the need to secure a long-term commitment from the City of Toronto for an extended lease and several key provisions within the lease agreement would have to be modified in order to accommodate the renewal plans of the Club. The major change to the existing lease provisions is the ability of the Club to assign the lease for mortgage financing. Although this clause is not included in the existing lease, there are numerous other leases that the City holds that include this provision and with adequate protection clauses it represents minimal risk to the City. There is also a ten year renewal option clause in favour of the Club as long as they are not in default of the terms and conditions of the agreement. At the conclusion of the lease period and any renewal terms, the property and leasehold improvements revert to the City of Toronto.

The City will receive significant improvements with a new rental fee schedule as outlined in the attached proposal. In addition, the City will receive community access for children's programming in the facility and a potential revenue sharing from signage located on the inflatable tennis structures, should a suitable opportunity be secured and approved by the normal approval processes of the City.

#### Conclusions:

The amended lease proposal provides significant improvements to the rental revenue stream and leverages significant capital investment. The other improvements to the lease provide other benefits to the City including enhanced access for the community to programs and services and the potential of additional revenue from tennis bubble advertising. The Boulevard Club represents a significant history on this site and the changes to the lease and provisions for the renewal program provide the opportunity for continued tenure on the site and a sustainable and predictable cost base. The new rental rate schedule is fair and reasonable.

Staff from the Facilities and Real Estate Division and the City Legal Division have been consulted in the negotiation and reporting process and are in concurrence with the recommendations of this report.

Contact Names:

Ms. Claire Tucker-Reid, General Manager, Parks and Recreation, Telephone: 416-397-4451, Fax: 416-392-8565, ctucker@toronto.ca, Mr. Doug Stewart, Director, Real Estate Services, 416-392-7202, 416-392-1880, dstewart@toronto.ca.

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Attachment No. 1  
Appendix "A"  
Terms of Amended Lease Agreement

1. General Terms:

The Leased Premises shall be the City-owned property at 1491 Lake Shore Boulevard West, Toronto, to be known and operated as The Boulevard Club.

The Boulevard Club agrees to accept the premises "as is" in its present condition and shall not require the City to pay for or perform any work except as specifically set out in this letter. The City of Toronto makes no warranty or representation as to the condition of the Premises.

The Boulevard Club will continue to operate as an aquatic and recreation club that includes tennis, sailing, badminton and other recreational sport activities as further described within the existing agreement. However, it is agreed and understood that the curling rink will be removed from the premises. The Boulevard Club will no longer be required to provide a curling club on the premises.

The Boulevard Club will within Five (5) years of commencement of the agreement demolish and/or renovate the existing buildings or a portion thereof and reconstruct the facility, in accordance with plans and specifications approved by the City's Commissioner of Economic Development, Culture and Tourism or his designate (the "Commissioner"), acting reasonably, at the Boulevard Club's sole expense and at no cost to the City whatsoever. The Boulevard Club shall provide letters of credit, Performance Bonds and other security as required by the Commissioner and in a form satisfactory to the City Solicitor.

No employees of The Boulevard Club shall be considered to be employees of the City of Toronto. The Boulevard Club shall abide by all rules, regulations, and statutes for employees as set out in the appropriate Employment statutes, amended from time to time.

2. Term:

The amended lease (the "Lease"), which will supersede the Existing Lease if approved by City Council, shall be for a term of 26 years from August 1, 2003, expiring July 31, 2029.

Subject to paragraph 3 of this letter, upon expiration of the term of the Lease on July 31, 2029, all buildings and improvements located on the City-owned land shall become the property of the City of Toronto and The Boulevard Club shall have no rights of compensation with respect thereto.

3. Expiry/Termination/Option to Renew:

Provided that The Boulevard Club has given written notice to the City that it wishes to renew the Lease, at least Twelve (12) months prior to the expiration of the Lease and it has not in any way been in default under the terms and conditions of the Lease, The Boulevard Club shall have the right to renew the Lease for an additional Ten (10) years, on the same terms and conditions, save and except the rent, which is to be negotiated, and further right of renewal. Should The Boulevard Club exercise the option to renew for the further Ten (10) years, the buildings and improvements on the land shall remain the sole responsibility of the Boulevard Club but will become the property of the City of Toronto at the expiration of the renewal term.

Should the Lease be terminated by the City of Toronto during the initial 26-year term pursuant to the City's right to terminate upon ten years notice as provided for in the existing lease, The Boulevard Club shall be compensated for the building improvements to be further detailed in the final Lease document subject to any default provision as stated herein. The method of calculation for compensation to be determined by the Commissioner and the Chief Financial Officer and Treasurer, in consultation with the Boulevard Club, both acting reasonably. There shall be no other rights of compensation, including but not limited to any business loss.

Should the Leased Premises or any part thereof be expropriated, all parties, including the City of Toronto, shall co-operate with each other so that each may receive the maximum award to which they are respectively entitled at law.

It is mutually agreed that if The Boulevard Club shall default in any rental/revenue/expense payment when due, or if The Boulevard Club shall be in default of performing any of the terms, covenants or provisions of the Agreement, The Boulevard Club shall have Ninety (90) days following written notice of such default to cure or commence diligently to cure any default, failing which the City may terminate the agreement, enter and take possession of the Leased Premises, with or without process of law, and shall give members the right to remove personal items. All buildings, improvements and all chattels, shall be forfeited and become the Property of the City and any and all revenue payments including but not limited to membership fees due to The Boulevard Club up to the date of such default, shall be directed to the City and become the property and or revenue of the City as liquidated damages without compensation therefor to The Boulevard Club. In the event of such termination for cause, The Boulevard Club shall not receive any compensation whatsoever for any of the buildings or improvements located on the Leased Premises.

4. Leased Land Area:

The existing Lease Agreement, excluding the water lots, defines the parameters of the Leased Premises, which has an estimated land area of 6.8 acres. A new survey of the land area is to be completed by the City of Toronto, at its sole expense. In addition, there shall be a right of access from Lake Shore Boulevard West to the Boulevard Club. The Boulevard Club shall have no further rights to expansion of additional land area along the waterfront or within the vicinity. Water lots are not included in the definition of the leased area. The area as determined by the new survey will be taken as the leased land area. The City will consent to the Leasing of the Provincially owned water lots to The Boulevard Club in its capacity as the owner of the land upon which The Boulevard Club is located.

5. Rent and Other Charges:

The Boulevard Club shall pay rent, calculated on an annual basis, to the City monthly in advance by equal instalments, in accordance with the rent schedule attached to this letter. The rent schedule has been drawn up based on a land area of 6.8 acres. If any change to this area is necessitated by the new survey, the rents for Years 3 to 26 (August 1, 2005 to July 31, 2029) will be adjusted by prorating them according to area. For the sake of clarity, no adjustment will be made to the rents for Years 1 and 2.

The Boulevard Club is solely responsible for any and all taxes, operating expenses, improvements, maintenance and repairs and all other costs related to the operation and maintenance of the Leased Premises, with the understanding that the Agreement is net and carefree to the City of Toronto.

Further, The Boulevard Club shall be solely responsible for all buildings and improvements in all aspects including, but not limited to, all structural repairs and replacement of electrical, mechanical, plumbing, heating ventilation equipment and systems of the buildings and improvements. Upon completion or termination of the Agreement, it is agreed and understood that the building shall be in a state of good repair and all HVAC systems in good working order, all to the satisfaction of the Commissioner, acting reasonably.

6. Construction:

It is agreed and understood that The Boulevard Club, at its sole expense, will renovate and/or demolish and redevelop the existing facility and convert it to another recreation and aquatic sports facility. It is understood that the curling rink will be removed and that the renovation plans do not include its replacement or relocation. All final specifications must be first approved by the Commissioner, acting reasonably, before a building permit shall be issued to The Boulevard Club. All costs associated with the demolition, construction and renovation shall be at the expense of The Boulevard Club. The Boulevard Club will warrant and ensure that the new and/or renovated building(s) will be handicapped accessible and that washroom facilities for the handicapped will be provided. The Boulevard Club shall be solely responsible for all necessary agreement,

permits, drawings, plans and specifications for the purpose of the construction and shall pay all fees, levies, charges and expenses with regard thereto. It is further understood and agreed that the new facility will not include any bar and/or restaurant area that is open and available to the general public as a public facility. Construction of the new facility shall be completed within five years from the commencement date of the Lease. Should the Boulevard Club not proceed with the renovation plan by July 31, 2004, the occupancy will revert to the original agreement.

The Boulevard Club shall not permit any lien under the Construction Lien Act or like statute to be filed or registered against the Leased Premises.

7. Advertisement Signs:

The City acknowledges that The Boulevard Club may decide to pursue signage opportunities and naming rights pertaining to the Leased Premises. It will be the sole responsibility of The Boulevard Club to obtain, at its own expense, all relevant approvals. If successful, the net revenue from the signage and naming rights will be split in a 60:40 ratio between The Boulevard Club and the City, and the Boulevard Club will install and maintain the signs at its own expense. This acknowledgement does not in any way fetter the City's legislative rights regarding any approvals relative thereto.

8. Assign and Sublet:

The Boulevard Club shall not assign all or any portion of the Leased Premises, the Lease or operation of the facility without the prior written consent of the City, which consent may be unreasonably withheld.

It is agreed and understood, however, that for financing purposes only, The Boulevard Club may assign the Lease Agreement or a portion thereof to a financial institution listed in Schedule 1 or 2 of the Bank Act, 1991, c.46, or such other financial institution as may be approved by the City's Chief Financial Officer and Treasurer or his designate, with the prior written consent of the Commissioner, which may not be unreasonably withheld.

9. Public Access:

The Boulevard Club acknowledges that The Martin Goodman Trail passes through the north side of the Club, and the Trail shall remain open and accessible to the public at all times.

10. Community Access:

The Boulevard Club agrees, at its sole expense, to provide programming for One (1) week for up to 15 children whose families are non-members or associates of The Boulevard Club and families who are unable to become part of the program. The Program content and method of access may vary from year to year based on a joint decision between the Boulevard Club and staff from the Parks and Recreation Department and the program will primarily be a sailing/boating or other recreational program activity.

The Boulevard Club allows the City of Toronto access and use of the meeting rooms and banquet rooms on up to six (6) occasions per annum, for use by the City of Toronto or other charitable community organization. Any food and/or beverage shall be fully compensated by the City of Toronto at existing published rates. There shall be no fees for the use of the premises, including the use of any banquet and/or meeting rooms, if available upon sixty (60) days notice.

11. Insurance:

The Boulevard Club shall, at all times during the term and any extension thereof, at its own expense and in the names of The Boulevard Club and the City maintain in force insurance coverage for legal liability for bodily injury, death or property damage in the amount of Five Million Dollars (\$5,000,000.00) per occurrence or any other amount reasonably deemed necessary by the Chief Financial Officer and Treasurer in his sole discretion. Every policy shall provide cross-liability coverage protecting the City in respect of claims by the Lessee. The Boulevard Club shall also be responsible for building insurance in an amount to be determined reasonably upon completion of the new facility. The Boulevard Club shall also provide any other types of insurance that may be required by the Chief Financial Officer and Treasurer or his designate, acting reasonably. An original Certificate of Insurance is required upon execution of the Lease Agreement.

12. Documentation:

- (a) The Lease Agreement shall be subject to such other terms and conditions as may be deemed reasonable and necessary by the Commissioner and the City Solicitor;
- (b) All documentation shall be in the City's standard form, notwithstanding any clause contained or not contained in this proposal, the Lease Agreement must be in a form and content acceptable to the Commissioner and the City Solicitor, acting reasonably.

13. Approvals:

This proposal is subject to the concurrence of the Commissioner of Economic Development, Culture and Tourism, the Commissioner of Corporate Services and any other relevant City authorities, including Committee(s) and City Council.

Date: December 9, 2002

Boulevard Club - Rent Schedule for the Proposed New/Amended Lease

Year	From	To	Net Annual Rent
1	1-Aug-03	31-Jul-04	\$52,882.00
2	1-Aug-04	31-Jul-05	\$52,882.00
3	1-Aug-05	31-Jul-06	\$75,000.00
4	1-Aug-06	31-Jul-07	\$100,000.00
5	1-Aug-07	31-Jul-08	\$125,000.00



Boulevard Club - Rent Schedule for the Proposed New/Amended Lease

Year	From	To	Net Annual Rent
6	1-Aug-08	31-Jul-09	\$162,500.00
7	1-Aug-09	31-Jul-10	\$200,000.00
8	1-Aug-10	31-Jul-11	\$204,000.00
9	1-Aug-11	31-Jul-12	\$208,000.00
10	1-Aug-12	31-Jul-13	\$212,000.00
11	1-Aug-13	31-Jul-14	\$216,000.00
12	1-Aug-14	31-Jul-15	\$220,000.00
13	1-Aug-15	31-Jul-16	\$224,000.00
14	1-Aug-16	31-Jul-17	\$228,000.00
15	1-Aug-17	31-Jul-18	\$232,000.00
16	1-Aug-18	31-Jul-19	\$236,000.00
17	1-Aug-19	31-Jul-20	see Note (a)
18	1-Aug-20	31-Jul-21	see Note (a)
19	1-Aug-21	31-Jul-22	see Note (a)
20	1-Aug-22	31-Jul-23	see Note (a)
21	1-Aug-23	31-Jul-24	see Note (a)
22	1-Aug-24	31-Jul-25	see Note (a)
23	1-Aug-25	31-Jul-26	see Note (a)
24	1-Aug-26	31-Jul-27	see Note (a)
25	1-Aug-27	31-Jul-28	see Note (a)
26	1-Aug-28	31-Jul-29	see Note (a)

Note:

(a) The rent for any year in the period August 1, 2019 to July 31, 2029 shall equal the preceding year's rent plus an increase represented by the percentage change in CPI over the preceding year. No rental reduction will be made to reflect a negative CPI change.

(b) The above rent schedule is based on a site area of 6.8 acres. If a different site area is indicated by the new survey to be completed, the rents will be adjusted except for the Year 1 and Year 2 rents.

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The following persons appeared before the Economic Development and Parks Committee in connection with the foregoing matter:

- Mr. Jack Chute, President, The Boulevard Club; and
- Mr. Harry Renaud, General Manager, The Boulevard Club.

*(City Council, at its meeting on April 14, 15 and 16, 2003, had before it, during consideration of the foregoing Clause, the following report (April 3, 2003) from the Commissioner of Economic Development, Culture and Tourism:*

*Purpose:*

*To report directly to Council as requested by the Economic Development and Parks Committee at its March 24, 2003 on the disposition of two small provincially owned water lots adjacent to the City owned property leased to the Boulevard Club and the potential impact of the lease of these areas to the Boulevard Club on the future plans for Waterfront development.*

*Financial Implications and Impact Statement:*

*There are no financial implications resulting from the adoption of this report.*

*Recommendation:*

*It is recommended that this report be received for information.*

*Background:*

*At the Economic Development and Parks Committee meeting of March 24, 2003, the Committee considered and adopted the recommendations in the joint report dated February 28, 2003, from the Commissioners of Economic Development, Culture and Tourism and Corporate Services on the revisions to the existing lease agreement with the Boulevard Club. One clause in the revised lease conditions as outlined in the report indicated that the City would not object to the leasing of two provincially owned water lots adjacent to the City of Toronto owned property which is currently leased to the Boulevard Club.*

*The Economic Development and Parks Committee requested that the Commissioner of Economic Development, Culture and Tourism provide an additional report direct to Council on the potential impact to the City's Waterfront Development Plans of not objecting to the Boulevard Club leasing of these small lakefilled waterlots from the Province. This report addresses this issue.*

*Comments:*

*It is important to note that the Boulevard Club is located outside of the area of the Central Waterfront and as such, is not under the area affected by immediate development plans for the Waterfront.*

*The two provincially owned water lots in question are small parcels of 0.008 acres and 0.289 acres respectively, and have been previously lakefilled and now form a portion of the existing land base of the Boulevard Club. They are outside of the area which is City Owned and do not form part of the leased area between the Club and the City.*

*Parks and Recreation Staff have consulted with staff from Urban Development Services in the Waterfront Project Section and at this time, there are no plans in any preliminary stages that*

*would potentially impact these two small parcels of Provincial Land, without affecting the entire Boulevard Club itself.*

*Given the fact that these parcels form part of the existing land base of the Boulevard Club and that this area is outside of the primary focus of the Waterfront Initiatives in the Central Waterfront area, it is felt that the action requested by the Boulevard Club will not jeopardize future development in this area. While it is possible that other projects may emerge in the future which would be impacted by the overall siting of the Boulevard Club, the plans for this area will likely be formulated to accommodate the existing location of the Boulevard Club since they have existing tenure on this site until 2029. The lease amendments recommended by the Economic Development and Parks Committee provide for an additional 10 year option renewal at the conclusion of the existing lease period. The impact of the two small provincially owned water lots in the context of the future of the entire Western Waterfront area are of little significance.*

*Conclusions:*

*Staff have researched the size and potential impact of the two small lakefilled waterlots owned by the Province of Ontario adjacent to and forming part of the existing landbase of the Boulevard Club and have determined that there is no appreciable risk in agreeing to not object to attempts by the Boulevard Club to lease them from the Province. The Boulevard Club is outside of the Central Waterfront area where more immediate redevelopment efforts are focused and there are no plans that would be negatively affected by the leasing of these two areas to the Boulevard Club by the Province of Ontario.*

*Staff from the Waterfront Project Secretariat, and the Facilities and Real Estate Division have been consulted in the research and preparation of this report and are in concurrence with the recommendations.*

*Contact:*

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