



**STAFF REPORT
ACTION REQUIRED**
with Confidential Attachment

**Guild Inn - Revitalization and Development of
Restaurant and Banquet Centre Facilities**

Date:	August 20, 2014
To:	City Council
From:	Chief Corporate Officer General Manager, Economic Development and Culture Acting General Manager, Parks Forestry and Recreation
Wards:	Ward 43- Scarborough East
Reason for Confidential Information:	This report involves the security of the property belonging to the City or one of its agencies, boards, and commissions.
Reference Number:	P:\2014\Internal Services\RE\Cc14035re

SUMMARY

By adopting (as amended) Report GM 28.10 on April 1, 2 and 3, 2014 (the "Original Authority") City Council approved the proposed plans and principle terms and conditions of a long-term sublease agreement (the "Sublease") with Guild Inn Estate Inc. ("GIE"). The purpose of this report is to include additional terms and provisions to the Lease respecting Guild Inn Estate Inc. proposal.

RECOMMENDATIONS

The Chief Corporate Officer, the General Manager, Economic Development and Culture and the Acting General Manager, Parks Forestry and Recreation recommend that:

1. City Council authorize the City to enter into the Sublease which shall include those terms and conditions set out in Schedule A and in the Confidential Attachment 1 to this report.

2. City Council authorize the public release of the information contained in the Confidential Attachment 1 of this Report following execution of Sublease with GIE.
3. City Council authorize that the by-law enacted pursuant to Section 252 of the *City of Toronto Act, 2006*, previously authorized to provide authority to enter into a municipal capital facility agreement with GIE in respect of a portion of 205 Guildwood Parkway (the "Eligible Property"), include an exemption of the Eligible Property from development charges.

Financial Impact

The relevant financial information is set out in the Attachment 1 – Confidential Information attached to this report as it involves the security of the property of the City.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

By adoption of Administration Committee Report No. 9 Clause 17, Council at its meeting on September 22, 23, 24 and 25, 2003, approved the declaration of surplus of a portion of the leasehold interest in the Guildwood Park known as the Guild Inn Hotel Precinct and authorized staff to enter into negotiations for a long-term sub-lease with Westeinde Group.

<http://www.toronto.ca/legdocs/2003/agendas/council/cc030922/adm9rpt/cl017.pdf>

By adoption of Clause No. 9 of Report No. 5 of the Administration Committee at its meeting held on June 14, 15 and 16, 2005, Council authorized the execution of a nonbinding letter of intent with the Windmill Development Group (the "Developer") with respect to the redevelopment and future operation of the Guild Inn, and granted authority to negotiate a lease between the City, the Developer and the TRCA.

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050614/adm5rpt/cl009.pdf>

By its adoption of Clause No. 40 of Report No. 6 of the Administration Committee at its meeting held on September 25 to 28, 2006, Council authorized staff to continue negotiations with the Developer and the TRCA based on a long-term direct lease arrangement between the Developer and the TRCA for a large scale leasehold condominium hotel project.

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060925/adm6rpt/cl040.pdf>

On April 27, 2007, after the parties had made substantial progress on relevant issues and transactional legal documentation for the Guild Inn project, the City was advised of the withdrawal by the Developer and its partners from any further project discussions and development efforts for the site. The Developer cited major impediments over the course

of 2006 which made their plans for a condo/hotel unworkable including unfavourable market conditions for a hotel on the site.

By adoption of Government Management Committee 17.1 on September 24 and 25, 2008, Council authorized the CCO to undertake negotiations with Centennial College and TRCA for letter of intent containing the key terms of a long-term sublease to achieve the Project and the use of a portion of the Guild Inn site for the operation and activities of Centennial's Institute of Culture and Heritage Management and to report back to Council on the results. A Letter of Intent was signed by the parties on October 1, 2009 to allow the development of the Centennial proposal to move forward. After considerable effort to find a financially viable solution, the College advised that unfavourable market conditions made it impossible for their proposal to continue. The parties terminated the Letter of Intent on October 31, 2011.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2008.GM17.1>

By adoption of Government Management Committee Item GM23.11, Council at its meeting on July 16, 2013, awarded the project to Dynamic Hospitality & Entertainment Group, being the only proponent meeting the requirements of RFP No. 0613-13-0067 to design, build, finance and operate a new restaurant and banquet/event centre and other complementary facilities at the Guild Inn site, and authorized staff to negotiate the terms and conditions of an agreement and report back to City Council on results of the negotiations.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.GM23.11>

By adoption of Government Management Committee Item GM28.10 (as amended) at its meeting on April 1, 2 and 3, 2014, Council authorized the City to enter into a letter of intent with Guild Inn Estate Inc. to construct and operate the proposed restaurant and event/banquet/conference centre (the "Project"). To implement the letter of intent, Council authorized the City to enter into a sublease and any other Project-related agreements required to implement the transaction. In connection with construction of the project Council authorized the City to approve any necessary tree removal that may be required. Pursuant to Section 252 of the City of Toronto Act, City Council also authorized the City to enter into a Municipal Capital Facility Agreement with Guild Inn Estate Inc. in respect of a portion of the proposed facility that will be used for municipal and community centre purposes and exempt the eligible portion of the Project from property taxation.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.GM28.10>

ISSUE BACKGROUND

City Staff have continued to work on finalizing the terms of the Lease for the Guild Inn project with GIE, resulting in amended terms and provisions as outlined in this report.

As stipulated in the Original Authority, GIE was to have provided the City with evidence of its financial capacity. The City has recently received satisfactory evidence of GIE's financial ability to proceed with and complete the Project.

The relevant background information is set out in the Attachment 1 – Confidential Information attached to this report as it involves the security of the property of the City.

COMMENTS

City Staff have continued to negotiate with GIE resulting in additional terms and provisions as outlined in Schedule A and Attachment 1 – Confidential Information, both attached to this report.

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SIGNATURE

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ATTACHMENTS

Schedule A – Major Terms and Conditions to the Sublease
Attachment 1 – Confidential Information

Schedule A
Additional Terms and Conditions to the Sublease

**Overnight
Accommodation:**

GIE may include up to four (4) overnight accommodation rooms in the Project, subject to obtaining all requisite approvals and permits.