



## REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

### Queen Elizabeth Theatre Renovation

**Date:** January 16, 2018  
**To:** Board of Governors of Exhibition Place  
**From:** Dianne Young, Chief Executive Officer  
**Wards:** 14, 19

#### **REASON FOR CONFIDENTIAL INFORMATION**

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This report involves the security of property belonging to the Board.

#### **SUMMARY**

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The Board and 16730801 Ontario Ltd. (the "Tenant") entered into a lease for the Queen Elizabeth Theatre (QET) dated March 6, 2008, as amended by a Lease Amending Agreement dated May 1, 2010 (collectively, the "Lease Agreement") which expires on April 30, 2020.

Since the Tenant took possession of the QET, the Tenant has undertaken several investments / renovations in the leased premises as follows:

- May 2008 and over the next 3 years invested approximately \$550,000 for upgraded washroom facilities, bar area, and technical production equipment.
- April 2010 until present invested an additional \$300,000 in further stage enhancements, dressing room renovations and technical equipment.

However, the Tenant has also met with Exhibition Place staff on several occasions over the years to discuss the possible renovation and expansion of the capacity of the QET. Recently, the Tenant proceeded to complete engineering drawings for these renovations and has presented them to Exhibition Place staff for review.

The existing capacity of the QET is 2157 with 1300 theatre seating and the renovations proposed by the Tenant would increase this capacity to 3047. At present, Toronto has a lack of live concert venues that fulfill this particular capacity niche and with the closing of Massey Hall for major renovations over the next three years, the need will grow. The Tenant has provided letters from various show producers attached in Appendix A to this report outlining the venue shortage in Toronto.

This report provides information on the renovations proposed by the Tenant and recommends that the Board approve of these renovations.

## **RECOMMENDATIONS**

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The Chief Executive Officer recommends that:

1. The Board approve of the renovations to the Queen Elizabeth Theatre proposed by the Tenant as described in this report (under the heading Proposed Renovations), subject to the Tenant entering into the lease amending agreement set out in Recommendation 2.
2. Subject to any approvals required from the City of Toronto, the Board enter into a lease amending agreement substantially on the terms and conditions set out in Confidential Attachment #1 to this report and such other terms and conditions as may be satisfactory to the relevant City of Toronto authorities and the CEO of the Board, and in a form acceptable to the City Solicitor.
3. The Board direct that Confidential Attachment #1 to this report remain confidential in its entirety and not be released publicly as it pertains to the security of the property of the Board.

## **FINANCIAL IMPACT**

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The Tenant intends to invest approximately \$2.5 million in upgrades to the QET. It is estimated that the annual positive financial implications of the QET renovations outlined in this report over the remaining term of the Lease Agreement will be in excess of \$700,000 as detailed in the Confidential Attachment #1.

## **DECISION HISTORY**

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The 2017 - 2019 Strategic Plan has a Business Development goal to grow event activity and maintain strong relationships with existing clients and identify areas for revenue enhancements.

At its meeting on March 6, 2008 the Board approved entering into a lease with 16730801 Ontario Ltd. (the "Tenant") for a term of 3 years commencing May 1, 2008 and concluding April 30, 2011.

On April 23, 2010, the Board approved of the staff recommendation to extend the term of the lease with 16730801 Ontario Ltd. to April 30, 2020, generally on the same terms and conditions.

<https://www.explace.on.ca/files/file/58c6df474bf7a/Item-36-Queen-Elizabeth-Theatre-final.pdf>

## COMMENTS

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### Proposed Renovations

The Tenant is proposing the following renovations to the QET:

- Replace the fixed theatre (1300) seating with 1200 retractable theatre seating to allow the theatre to operate in two different modes.
  - Mode 1 would be as a standing room only general admission concert venue with a capacity of 3047.
  - Mode 2 would be as a ticketed theatre with a seated capacity of 1200.
  - The Theatre would only be allowed to operate in one of these two distinct modes at any one time. There would not be any events held that could have standing room as well as seated capacity.
- The addition / construction of two new balconies on the west and east side of the theatre with a standing capacity of 77 and 78 people respectively.
- Additional washrooms facilities that will increase capacity from 17 female and 15 male total washroom fixtures to 25 female and 27 male total washroom fixtures. In addition to this increase in fixtures, there will be 3 universal washrooms added.
- Upgrade the front lobby
- Refurbish the interior lobby artwork.

The proposed renovations would take the Theatre from a maximum capacity (all areas, foyer, stage, bar area, theatre) of 2157 to 3047. If approved, the estimated time frame for the renovations would be starting in January 2019 with a completion date in that year.

In accordance with the provisions of the Lease Agreement set out below, all upgrades to the QET made by the Tenant are required to meet the following:

- Article 6 - Construction of Lease Hold Improvements - Tenant must obtain all approvals required prior to constructing or installing any improvements, including planning approvals and the written approval of the CEO of the Board of Governors of Exhibition Place. At the expiration or sooner termination of the Term or any renewal thereof, all of the improvements to the Leased Property, other than trade chattels and fixtures, shall become the property of the Landlord. The Tenant must comply with all other requirements of Article 6, including providing performance and payment bonds and other security, providing as built drawings and indemnifying the Landlord and the City of Toronto in connection with such construction.
- Article 10.3 - Repair Standards - The Tenant shall ensure that all work performed or alterations to the Leased Property are in compliance with all Applicable Laws and the Tenant shall obtain all requisite building and other permits at its sole expense.
- Article 11.1 - Discharge all construction liens within ten (10) days of notice from the Landlord and indemnify the Landlord and City of Toronto with respect to any liens.
- Article 12.1 - Comply with additional insurance requirements during construction.
- Article 15.1 - Compliance with Collective Agreements at Exhibition Place - In undertaking any construction activities, the Tenant must confirm with all ICI collective agreements in force at Exhibition Place.

Confidential Attachment #1 attached to this report provides further details of the financial analysis and consideration of other terms in the Lease Agreement that impact this project, specifically with respect the increase in the maximum capacity.

## **CONTACT**

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## **SIGNATURE**

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Dianne Young  
Chief Executive Officer

## **ATTACHMENTS**

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Appendix A - Letters from Concert Producers  
Confidential Attachment #1