



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Queen Elizabeth Theatre Lease

Date: May 30, 2019

To: Board of Governors of Exhibition Place

From: Dianne Young, Chief Executive Officer

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

This report deals with a proposed or pending acquisition or disposition of land by the City and the Board.

SUMMARY

The Board and 16730801 Ontario Ltd. (the "Tenant") entered into a lease for the Queen Elizabeth Theatre (the "QET") dated March 6, 2008, as amended by a Lease Amending Agreement dated May 1, 2010 and a Lease Amending Agreement dated May 9, 2018 (collectively, the "Existing Lease ") 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:

- 2008 to 2010 - invested approximately \$550,000 for upgraded washroom facilities, bar area, and technical production equipment.
- 2010 to 2017 - invested \$300,000 in further stage enhancements, dressing room renovations and technical equipment.
- January 2018 to present - invested \$500,000 of the proposed renovation estimated at a total of \$2.4 million, to increase capacity, which includes a lobby renovation and the addition of two balconies (the "2018 Renovations").

While the Tenant has commenced and continues to work on parts of the 2018 Renovations, the Tenant has been unable to secure funding for the remainder of the 2018 Renovations because of the pending expiration date of the Existing Lease on April 30, 2020.

The major 2018 Renovations proposed by the Tenant and previously approved by the Board will significantly improve this City asset and the commercial viability of the QET and this report is recommending that a new lease be entered into with the Tenant on the terms and conditions provided in this report.

RECOMMENDATIONS

The Chief Executive Officer recommends that:

1. Subject to obtaining the necessary City of Toronto authorization, the Board approve a new lease (the "Lease") between the City of Toronto, as landlord (the "Landlord"), 16730801 Ontario Ltd., as tenant (the "Tenant"), and the Board, for a term of ten (10) years commencing May 1, 2020 and ending April 30, 2030, substantially on the terms and conditions set out in Appendix "A" and Confidential Attachment 1 and such other terms and conditions deemed appropriate by the Deputy City Manager, Corporate Services (the "DCM"), the Chief Executive Officer of the Board (the "CEO") and in a form satisfactory to the City Solicitor .
2. The Board authorize the CEO to request the necessary City of Toronto authorities to approve and enter into the Lease.
3. The Board direct that Confidential Attachment 1 to this report remain confidential in its entirety and not be released publicly as it pertains a proposed or pending acquisition or disposition of land by the City and the Board.

FINANCIAL IMPACT

It is estimated that the annual positive financial implications of the proposed Lease over its full term, if extended, will be \$8.623M as outlined in Confidential Attachment 1 . The capital investment of approximately \$2.4 million in the 2018 Renovations are in addition to the positive financial implications noted above.

DECISION HISTORY

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 the Tenant for a term of three (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 the Tenant to April 30, 2020, on the terms and conditions set out in the staff recommendation.

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

At its meeting on January 30, 2018, the Board approved the Tenant to proceed with the 2018 Renovations subject to entering into a lease amending agreement addressing the

2018 Renovations (the "2018 Lease Amending Agreement").

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EP8.15>

By Executive Committee Item EX27.12, adopted by City of Toronto Council on October 2, 3 and 4, 2017 (DAF Tracking No. 2018-181), the City of Toronto approved the entering into of the 2018 Lease Amending Agreement.

<http://www.toronto.ca/wp-content/uploads/2018/06/99C0-2018-181-190-princes-blvd.pdf>

COMMENTS

The 2018 Lease Amending Agreement permitted the Tenant to proceed with the 2018 Renovations, which would otherwise not have been compliant with certain provisions of the original lease agreements. The 2018 Renovations provided for:

- Replacement of the fixed theatre (1300) seating with 1200 retractable theatre seating to allow the theatre to operate in two different modes.
- 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.
- upgrading the front lobby
- refurbishing the interior lobby artwork

The Tenant has commenced construction of the 2018 Renovations and has, thus far, invested approximately \$500,000 into the premises. However, the Tenant has advised that, as a result of the impending expiration of the Existing Lease, it has been unable to secure funding for the remainder of the 2018 Renovations.

Attached as Appendix A to this report are the proposed terms and conditions of the new Lease. Confidential Attachment #1 attached to this report provides further details of the financial analysis of the Lease.

CONTACT

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SIGNATURE

Dianne Young
Chief Executive Officer

ATTACHMENTS

Appendix A - Terms and Conditions of Lease Agreement

Confidential Attachment #1 - Financial Analysis