



Exhibition Place

Agreement with Toronto Event Centre Inc.

Date: October 9, 2019

To: Board of Governors of Exhibition Place

From: Don Boyle, Chief Executive Officer

Wards: All

SUMMARY

The Board and Muzik Clubs Inc. ("Muzik") entered into a lease dated February 16, 2004, for premises consisting of the Horticultural Building and a surrounding patio area which lease was subsequently assigned by Muzik to Toronto Event Centre Inc. (the "Tenant") on April 27, 2017, and which expires on February 15, 2024 (the "TEC Lease").

At its meeting of June 13, 2019 the Board approved of entering into an Agreement with the Tenant respecting Article 4 of the TEC Lease, subject to obtaining the necessary City of Toronto authorization on the terms set out in Confidential Attachment 1 (the "Agreement"). The Board also directed the Chief Executive Officer of the Board (the "CEO") to report back on the Tenant's compliance with the Agreement.

At its meeting of September 19, 2019 the CEO reported back to the Board as directed and the Board referred the item to the CEO, Exhibition Place with the request that he meet with the tenant, Toronto Event Centre, and report back to the October 24, 2019 meeting of the Board of Governors of Exhibition Place.

Discussions between Exhibition Place and Tenant are still ongoing as of October 9, 2019. This is to advise that prior to the Board meeting on October 24, 2019, a report with additional analysis and a recommended direction for Exhibition Place will be submitted for the Board's consideration.

FINANCIAL IMPACT

The financial implications will be provided in the report to be submitted to the Board.

DECISION HISTORY

The Exhibition Place 2017 to 2019 Strategic Plan has a Financial Goal to maintain a positive financial performance across Exhibition Place and all its businesses and as a Strategy to support this Goal to ensure operating results meet or show positive revenue surplus or positive under expenditure to budget.

At its meeting dated June 12, 2003, the Board approved entering into a lease with Muzik for a term of twenty (20) years, which report was subsequently approved by City Council at its meeting of June 24, 25 and 26, 2003.

At its meeting of June 13, 2019 the Board, subject to obtaining the necessary City of Toronto authorization, approved the Agreement respecting Article 4 of the TEC Lease, substantially on the terms and conditions set out in Confidential Attachment 1 to the report (May 30, 2019) from the CEO, and any such other terms and conditions deemed appropriate by the Deputy City Manager, Corporate Services (the "DCM"), and the CEO and in a form satisfactory to the City Solicitor.

In addition, at its meeting of June 13, 2019, the Board directed the CEO to report back to the Board on the compliance with the Agreement.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EP3.23>

At its meeting of September 19, 2019 the CEO reported back to the Board as directed and the Board referred the item to the CEO, Exhibition Place with a request to meet with the Tenant, Toronto Events Centre and report back to the October 24, 2019 meeting of the Board regarding the entering into an Agreement with the Tenant respecting Article 4 of the TEC Lease, subject to obtaining the necessary City of Toronto authorization on the terms set out in Confidential Attachment 1 (the "Agreement").

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EP6.16>

COMMENTS

The term of the TEC Lease commenced on February 16, 2004 and is set to expire on February 15, 2024. During the first two years of the TEC Lease, the Tenant carried out substantial renovations to the former Horticulture Building and formally opened for business on February 16, 2006 as a high-end night club venue. In 2013, the Tenant then undertook approximately \$5.0M of upgrades to develop a patio / pool venue around the indoor premises. More recently as noted above, the Tenant rebranded from the Muzik Night Club to the Toronto Event Centre and expanded the operations to include marketing to corporate events. In 2018, the Tenant again undertook interior renovations to support the added entertainment offering as a "supper club" and launched and promoted this new brand in late 2018.

The Board decision of June 13, 2019 was to enter into an Agreement with the Tenant to allow the Tenant an opportunity to develop the new entertainment direction and to report back on compliance with the Agreement by the Tenant. Inc. and to recommend

adoption of certain confidential instructions to staff as set out in Confidential Attachment 1 of the report.

The Board decision at its meeting of September 19, 2019 directed the CEO to report back to the Board and the Board decision was to referred the item to the CEO, Exhibition Place with a request to meet with the Tenant, Toronto Events Centre and report back to the October 24, 2019 meeting of the Board regarding the entering into an Agreement with the Tenant respecting Article 4 of the TEC Lease, subject to obtaining the necessary City of Toronto authorization on the terms set out in Confidential Attachment 1 (the "Agreement").

CONTACT

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SIGNATURE

Don Boyle
Chief Executive Officer