



Exhibition Place

Liberty Grand Entertainment Complex Inc. Lease Renewal

Date: November 28, 2019

To: Board of Governors of Exhibition Place

From: Don Boyle, Chief Executive Officer

Wards: All

SUMMARY

The Board and the 1309320 Ontario Inc. ("1309320") entered into a lease (the "Lease") dated December 7, 2000, for premises known as the Ontario Government Building and certain adjacent lands, which lease was subsequently assigned, with the Board's consent, by 1309320 to Liberty Grand Entertainment Complex Inc. (the "Tenant"). The term of the Lease is twenty (20) years, commencing on January 1, 2001 and expiring on December 30, 2020 (the "Term").

Throughout the Term, the Tenant has undertaken significant renovations in the leased premises at a value of approximately \$4.65 million excluding food and beverage equipment. Renovations to the roof, windows, HVAC systems, kitchen upgrades, washrooms, interior finishes, carpet, paint and other miscellaneous items over the last 20 years have kept the facility in a state of good repair without having cost the Board and the City any financial resources.

The Tenant is requesting a 20 year extension of the Lease, commencing January 1, 2021 to December 31, 2040 (the "Extension"). Upon acceptance of the Extension by the Board and subject to obtaining the necessary City of Toronto authorization, the Tenant will invest an additional \$8.025 million in various improvements during the first 5 years of the Extension.

Discussions on the Extension's terms and conditions between Exhibition Place and City staff and the Tenant are still ongoing as of November 29, 2019. This is to advise that prior to the Board meeting on December 13, 2019, a report with additional analysis and a recommended direction for the proposed Extension 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.

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 July 27, 2000, the Board approved a proposal from the Liberty Entertainment Group to redevelop the Ontario Government Building and operate a corporate function and banquet facility.

At its meeting on August 1, 2, 3 and 4, 2000, City Council adopted the above proposal.
<https://www.toronto.ca/legdocs/2000/agendas/council/cc/cc000801/pof10rpt/cl027.pdf>

The Board entered into the Lease with a term of 20 years commencing January 1, 2001 and expiring on December 31, 2020.

At its meeting on March 30, 2001, the Board approved of the assignment of the Lease from 1309320, operating as Liberty Entertainment Group, to the Tenant.

COMMENTS

The Term of the Lease commenced on January 1, 2001 and is set to expire on December 31, 2020. During the first few years of the Term, the Tenant carried out substantial improvements and renovations to refurbish the former Ontario Government Building, originally constructed in 1926, to what it is today: a superior entertainment complex that has hosted some of the most high profile events in the City of Toronto. Such events include The Children's Breakfast Club, Chief's of Police Gala, Motionball for Special Olympics, Canada's Walk of Fame, ICCO Business Excellence Awards, and Make-A-Wish Princess Ball, to name a few.

The former Ontario Government Building under the management of the Tenant has been transformed into a 100,000 square foot complex that gracefully blends the City of Toronto heritage building while also being one of Toronto's most prolific special event venues, hosting over 450 events per year.

CONTACT

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SIGNATURE

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