



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Hospitality Organization to Occupy Space within the Sony Centre

Date: May 27, 2019

To: Audit Committee and the Board of Directors of TO Live

From: President and CEO

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains financial information supplied in confidence to the Board of Directors of TO Live, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

SUMMARY

This report provides additional background and decision histories related to item 3.1a "Chief Executive Officer's General Status Update - Supplementary Report on Hospitality Organization to Occupy Space within the Sony Centre" considered at the May 9, 2019 Board meeting of the TO Live Board of Directors. The Audit Committee of the TO Live Board will be consider this item at its June 10, 2019 meeting.

RECOMMENDATIONS

The President and CEO recommends that the Board of Directors of TO Live:

1. Approve the proposal for a hospitality organization to occupy space within the Sony Centre for the purposes of operating a restaurant/barroom.
2. Direct the President and CEO to report to the Audit Committee to develop a market competitive funding model.

3. Direct that Confidential Attachments 1, 2, 3, 4 and 5 remain confidential in its entirety because if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

FINANCIAL IMPACT

There is no financial impact at this time other than those outlined in Confidential Attachments 1, 2, 3, 4 and 5.

DECISION HISTORY

On June 15, 2017 the Board received a report from the President and CEO providing them with an outline of deliverables for staff assigned projects and working groups through the amalgamation process. One of the projects included was an REOI for a hospitality group to occupy the former Sony Store (originally conceived as a coffee shop).

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CT19.1>

On September 28, 2017 the Board received a report from the President and CEO providing them with an outline of deliverables for staff assigned projects and working groups through the amalgamation process. One of the projects included was an RFP for a hospitality group to occupy the former Sony Store (originally conceived as a coffee shop). The RFP was developed based on responses to the previously issued REOI.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CT21.1>

On May 9, 2019, the Board referred agenda item 3.1a to the Audit Committee for review and to make recommendations at the June 13, 2019 Board meeting.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.CT3.1>

COMMENTS

Until November 2016, Sony Canada operated a retail outlet within the Sony Centre as part of its naming rights agreement. Since November of 2016 the former Sony Store has largely remained unused except for the purposes of temporary storage. The Sony Store faces onto the corner of Yonge and Front Street with large floor to ceiling windows defining the Sony Centre's north/west corner.

In early 2017, a project was undertaken to seek a hospitality group who would be interested in leasing this prime real-estate for the purposes of operating a coffee shop. An REOI was issued in June 2017 to develop the former Sony Store into a revenue generating venture for TO Live, which could also bring an enhanced atmosphere to the north/west corner of the venue.

Based on the REOI responses, an RFP was issued for the same purposes resulting in a single response. The team evaluating the response opted to cancel the RFP process in favour of a re-envisioned hospitality approach.

In consideration of the type of hospital group which would be best suited for the space, TO Live management looked to comparable organizations such as the Lincoln Centre and the Old Vic which both contained a thriving restaurant/bar operation within their respective venues. Based on this concept, TO Live issued a new RFP seeking proponents who could operate such a business but with a local connection who could relate to the residents of Toronto.

The new RFP was structured to encourage independent proprietors who could create a barroom with a local connection to the surrounding community and an artisan approach to their processes.

Independent operators were sought as a collaborative style of operations would be necessary when special events at the Sony Centre and on its patio would require the barroom to be engulfed within certain activations.

The new RFP (2018-017) was issued on November 23, 2019 for an experienced hospitality organization to occupy space within the Sony Centre for the purposes of operating a barroom in partnership with TO Live (Attachment 1). A recommended proponent was selected; they have extensive experience in the hospitality field and are independent operators who have rooted connections to Toronto (see Confidential Attachment 1).

Prior to the final award of the RFP and development of contractual terms, a formal deal structure will be required to ensure financial risk is limited to TO Live and financial rewards maximized. Options of the best deal are currently being analyzed with opinions being solicited from TO Live Audit Committee members. This will form the recommendations to the June 13 Board meeting discussed in the Decision History within this report.

On April 8, 2019, TO Live issued RFP No 2019-001 for professional architectural and design services, including design and contract administration of a restaurant and activation space at the Sony Centre for the Performing Arts (Attachment 2). Upon approval of this project and reallocation of funding, this RFP will formally be awarded.

TO Live engaged the Fifteen Group, a highly experienced hospitality consultant organization, to review and validate both proposals and to assist with the development of the restaurant/barroom (Confidential Attachment 2).

The Fifteen Group and the recommended Proponent of RFP 2018-017 worked together to create the final set-up budget (Confidential Attachment 3) and a proposed operating budget (Confidential Attachment 4).

TO Live also reached out to Miller Thomson to provide an opinion (Confidential Attachment 5) on whether TO Live can have a restaurant or a bar in compliance with the requirements for charities under the Income Tax Act (Canada). The discussed set-up and proposed operating budgets have taken this opinion into account to ensure compliance with the Income Tax Act.

CONTACT

Matt Farrell
Vice President of Operations
Matt.Farrell@tolive.com
T: 416-368-6161

SIGNATURE

Clyde Wagner
President and CEO

ATTACHMENTS

Attachment 1 - Civic Theatres Toronto Request for Proposal 2018-017
Attachment 2 - TO Live Request for Proposal 2019-001
Confidential Attachment 1 - RFP 2018-017 Winning Proponent (with Scorecard)
Confidential Attachment 2 - Fifteen Group Proposal Review
Confidential Attachment 3 - Set-Up Budget
Confidential Attachment 4 - Operating Budget
Confidential Attachment 5 - Miller Thomson Legal Opinion