



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Lease Agreement for the Horse Palace - Toronto Equestrian

Date: September 3, 2020
To: The Board of Governors of Exhibition Place
From: Don Boyle, Chief Executive Officer
Wards: All

REASON FOR CONFIDENTIAL INFORMATION

The attachments to this report contains financial information that belongs to the Board of Governors of Exhibition Place and has monetary value or potential monetary value.

SUMMARY

This report recommends that the Board enter a four (4) year lease with Toronto Equestrian (the "Tenant") for the operation of an Equestrian Riding School in a portion of the Horse Palace stables at Exhibition Place commencing January 1, 2021 and ending on December 31, 2024, substantially on the terms and conditions of their response to our Request for Proposal.

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 "City"), Toronto Equestrian, as tenant, and the Board, for a term of four (4) years commencing January 1, 2021 and ending December 31 2024, 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 authorities to approve and enter into the Lease.

3. Direct that the confidential information contained in Confidential Attachment 1 to this report remain confidential, and not be released publicly as it contains financial information that belongs to the Board of Governors of Exhibition Place and has monetary value or potential monetary value.

FINANCIAL IMPACT

The proposed lease agreement provides positive cash contribution to the Board in basic rent over the term as set out in Confidential Attachment 1. In addition, the Tenant will be responsible for all utilities charges and property taxes.

DECISION HISTORY

The Exhibition Place 2017 – 2019 Strategic Plan had a Financial Goal to achieve positive financial performance across Exhibition Place and all of its business, and deliver operating results that meet or show positive revenue surplus and / or positive under expenditure to budget

At its meeting of December 12, 2008, the Board approved a three (3) year lease with Sunnybrook which term expired on December 31, 2011.

<https://www.explace.on.ca/files/file/5cf949a7f3cbf/Item-16---Lease-for-Riding-School-in-Horse-palace.pdf>

At its meeting of November 4, 2011, the Board approved a four (4) year lease with Sunnybrook which term expires on December 31, 2015.

<http://www.explace.on.ca/database/rte/files/Sunnybrook%20Lease.pdf>

At its meeting on December 4, 2015, the Board of Governors approved of entering into an agreement with Horse Palace Riding Academy for a period of four years expiring on December 31, 2020 for a tenancy within the Horse Palace.

<https://www.explace.on.ca/files/file/58bd93d5cfd2a/Item-13-Riding-Academy-Lease.pdf>

COMMENTS

Since 1992, there had been a small riding school operating in the Horse Palace. One of the major challenges of a riding school operating at Exhibition Place is the requirement to cease operation and vacate the premises twice a year for the CNE and the RAWF period. This results in a closure of approximately two months every year. Also, the timing of these temporary closures is during the prime operating times for a riding school, i.e. when a school would normally have summer camps in August, and in November which is generally a very popular time for lessons. Furthermore, any lessee who operates a riding school in the Horse Palace must also share the exercise ring with the Mounted Police Unit. All of these site-specific requirements have some bearing on the ability for an operator to conduct a viable business and remit to the Board a reasonable rent for the use of the premises.

The existing lease agreement within the Horse Palace with the Horse Palace Riding Academy expires on December 31, 2020.

Exhibition Place worked with City Corporate Real Estate Management ("CREM") and posted a Request for Proposal (RFP) on both Merx and the Exhibition Place web site on July 21, which closed on August 10, with two proposals submitted. The RFP contained a draft agreement that took into account the requirements of Exhibition Place, Enercare Centre, Beanfield Centre, the Toronto Police Mounted Unit, and which also leases space in the Horse Palace.

After evaluating the proposals received, this report recommends Toronto Equestrian as the successful proponent, offering the best financial return to the Board. This proposed agreement provides the Tenant exclusive use of a portion of the Horse Palace along with shared use of the exercise ring.

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

Toronto Equestrian Profile/History

Toronto Equestrian is a private, profit generating, debt-free corporation. Their business is running riding schools, and they do this exceptionally well. In the past year, they have experienced a significant increase in ridership and an expanded commitment from existing clientele. They enjoy the support of a wonderful and diverse community, many members of which hail from the City of Toronto.

In their second year, they have quickly grown their business to capacity at their Uxbridge, Ontario location and are eager to grow this thriving community at The Horse Palace. In addition to providing riding programs for youth, adults, and seniors, they have also established partnerships with local community organizations to engage and educate diverse ethnic and socio-economic groups, provide job skills development and leadership programs for under-represented communities, and establish best practices that support Exhibition Place's commitment to sustainability and zero waste.

To demonstrate their commitment to the project and their financial capacity, and their confidence in the Toronto Equestrian business model, the Tenant is willing and prepared to pay rent in full for the four-year commitment upon signing the lease.

Toronto Equestrian currently operates a successful Ontario Equestrian accredited riding school located at Uxbridge-Pickering Townline in Uxbridge, Ontario. Since opening for business in October 2018, Toronto Equestrian has grown from a small riding school start-up into a large and popular equestrian centre. Toronto Equestrian serves clients from across the GTA, with a large portion of our client base commuting from Toronto.

At Toronto Equestrian's current 150 acre Uxbridge farm, their services include a year-round riding lesson program, a highly successful provincial level competition team, niche international equestrian experiences and competitive opportunities, summer and holiday camps for children, adult camp programs, clinics with industry professionals, in-

house competitions, volunteer programs for high school students, and “Work to Ride” programs for aspiring riders in need of financial assistance.

Business Partners

In our first year and a half in business, Toronto Equestrian has formed strategic partnerships with local and international businesses to diversify our programs, including, Bayview Glen Camps, based in Toronto to provide an equestrian summer day camp for their students of different abilities, and Cheyenne Sickie Hunters and Jumpers LLC, based in Wellington, Florida, to provide international competition experiences at a fraction of the cost of international equestrian competition.

Under the guidance of seasoned industry professionals and their advisory board, Toronto Equestrian goal is to operate a full service equestrian riding school, create a center for education and training in agriculture and sport, provide inclusive opportunities and programs for people with financial barriers and implement capital improvements and business practices that promote a commitment to environmental responsibility.

CONTACT

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SIGNATURE

Don Boyle
Chief Executive Officer

ATTACHMENTS

Appendix A - Terms and Conditions of Lease Agreement

Appendix B - Site Location and Floor Plan

Confidential Attachment 1 - Financial Analysis