



REPORT FOR ACTION

Exhibition Place Hotel X Development - Phase 2 Lands Design Concept Presentation

Date: October 9, 2020
To: The Board of Governors of Exhibition Place
From: Don Boyle, Chief Executive Officer
Wards: All Wards

SUMMARY

At its meeting of October 8, 2009, the Board of Governors approve of entering into a 49-year lease agreement with two 25-year renewal terms with HKH, which report was subsequently approved by City Council at its meeting of November 30, December 1, 2, 3, 4, 7, 2009 (EX36.3).

The 750,000 square feet first phase Hotel opened for operations on March 20, 2018, with the hotel development consisting generally of a podium and tower (29 floors for the tower, 404 rooms, and 411 underground parking spots).

Under the current lease for Hotel X, the tenant Princes Gate Hotel Limited Partnership ("HKH") has an option to lease certain phase 2 lands to the west of the current property. By letter dated July 31, 2020 HKH gave formal written notice to the Board Chair and CEO of Exhibition Place that it wishes to exercise that option for the 2nd tower and other related amenities.

The financial terms and conditions and concept/specifications/design plan surrounding the phase 2 parcel of lands need to be negotiated in advance between the parties and once finalized shall be subject to review and approval by both the Board and City Council.

At its meeting of September 18, 2020 the Board received an information report on Hotel X Development - Phase 2 Lands, that the Tenant wishes to exercise its option rights for the 2nd tower and other related amenities after have they give formal written notice. The Board Decision resulted in the following adopted Motions:

1. Requested the Chief Executive Officer, Exhibition Place to commence discussions with City of Toronto Corporate Real Estate Management staff and Hotel X representatives to start negotiations on the Phase 2 development and report back to the Board on:

- a. the results of the discussions;
- b. terms and conditions for the development, including design concept;
- c. an overview of the approval process; and
- d. how the development will take into consideration the recent Exhibition Place Master Plan

Hotel X principal shareholder, Mr. Henry Kallan and its Partners will be attending the Board meeting of October 26, 2020 to do a power point presentation on the progress of the Phase 2 development design concept to date for the benefit of the Board Members.

RECOMMENDATIONS

The Chief Executive Officer recommends that:

1. The Board receive this report for information.

FINANCIAL IMPACT

There are no negative financial implications of this report.

DECISION HISTORY

The Exhibition Place 2014 – 2016 Strategic Plan had a Goal to enhance our public assets through major new builds and/or renovations, and as a Strategy to work in partnership with the private sector to complete Phase I of the hotel and Stanley Barracks Park.

At its meeting of October 8, 2009, the Board approved of the development plan for a hotel at Exhibition Place and the terms and conditions of a lease with HK Hotels LLC, which recommendations were subsequently approved by City Council at its meeting of November 30, December 1, 2, 4 & 7, 2009 (Item EX36.3).

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX36.3>

At its meeting of December 6, 2011, the Board approved of a revised schedule for the hotel development.

<http://www.explace.on.ca/database/rte/files/Hotel%20Development-Dec.pdf>

At its meeting of December 4, 2015, the Board considered a report to respond to a request for information on the construction schedule for the hotel.

[http://www.explace.on.ca/database/rte/files/Item%2017-Hotel%20Development%20Info%20Report\(1\).pdf](http://www.explace.on.ca/database/rte/files/Item%2017-Hotel%20Development%20Info%20Report(1).pdf)

At its meeting of December 9, 2016, the Board considered a status report on the hotel construction schedule, the tenant's decision to engage a new constructor, liens registered on title, and approved a recommendation to amend the lease to extend the date for opening.

<http://www.explace.on.ca/database/rte/files/Item%202-Hotel%20Development.pdf>

At its meeting of March 23, 2017, the Board considered a status update on both the construction schedule of the hotel, liens related to the construction, and approved a recommendation to further extend the dates for substantial completion and opening.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EP2.13>

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<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EP13.5>

COMMENTS

Through Exhibition Place 1999 Development Concept Plan, the Board set a priority to develop a hotel on the grounds and over the last many year's staff have been working at achieving this goal. The 750,000 square feet first phase Hotel opened for operations on March 20, 2018, with the hotel development consisting generally of a podium and tower (29 floors for the tower, 404 rooms, and 411 underground parking spots).

Under the current lease for Hotel X, HKH has option to lease certain phase 2 lands to the west of the current property. By letter dated July 31, 2020 HKH have given formal written notice to the Board Chair and CEO of Exhibition Place that it wishes to exercise that option for the 2nd tower and other related amenities.

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CONTACT

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SIGNATURE

Don Boyle
Chief Executive Officer