

REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Lease Agreement for the Horse Palace - Toronto Equestrian

Date: August 30, 2024
To: The Board of Governors of Exhibition Place
From: Don Boyle, Chief Executive Officer
Wards: Ward 10 Spadina-Fort York

REASON FOR CONFIDENTIAL INFORMATION

This report deals with a proposed or pending acquisition or disposition of land by the City and the Board.

SUMMARY

This report recommends that The Board of Governors of Exhibition Place (the "Board") enter a five (5) year lease with the City of Toronto, as landlord, and Toronto Equestrian (the "Tenant") for the operation of the Toronto Equestrian Downtown riding school in a portion of the Horse Palace stables at Exhibition Place commencing January 1, 2025, and ending on December 31, 2029, with one option to extend for an additional five (5) years, substantially on the terms and conditions in Appendix A; subject to obtaining the necessary City of Toronto authorization.

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 five (5) years commencing January 1, 2025 and ending December 31 2029, and one five (5) year renewal option, substantially on the terms and conditions set out in Appendix "A" and Confidential Attachment 1, and such other and amended terms and conditions deemed appropriate by the Deputy City Manager, Corporate Services (the "DCM"), the Chief Executive Officer, Exhibition Place (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. The Board direct that the confidential information contained in Confidential Attachment 1 to this report remain confidential, as this report deals with a proposed or pending acquisition or disposition of land by the City and the Board.

FINANCIAL IMPACT

The proposed lease agreement provides positive cash contribution to the Board in basic rent over the Five (5) year term, plus additional rent if the option to extend for an additional five (5) years is exercised, as outlined in Confidential Attachment 1.

In addition, the Tenant will be responsible for all repairs and maintenance, insurance, leasehold improvements, utilities charges, and property taxes.

DECISION HISTORY

The Exhibition Place 2022-2026 Strategic Plan has a goal to Solidify Position as a Leading Convention and Event Space; meaning developing leasing strategies and tenant investments on the grounds that will complement our convention and events offerings.

At its meeting of December 12, 2008, the Board approved a three (3) year lease with Sunnybrook Stables Inc. ("Sunnybrook") for premises within the Horse Palace which term expired on December 31, 2011.

<https://theexplace.sharepoint.com/sites/CEO/BOG%20Report/2011%20Reports/BOG%20Mtgs/Nov%204/Sunnybrook%20Lease.pdf>

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

<https://theexplace.sharepoint.com/sites/CEO/BOG%20Report/2011%20Reports/BOG%20Mtgs/Nov%204/Sunnybrook%20Lease.pdf>

At its meeting on December 4, 2015, the Board approved of entering into a lease with Sunnybrook for a term of four (4) years expiring on December 31, 2019.

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

At its meeting on September 18, 2020, the Board approved of entering into a lease with Toronto Equestrian for a term of four (4) years expiring on December 31, 2024, for premises within the Horse Palace.

<https://secure.toronto.ca/council/agenda-item.do?item=2020.EP13.7>

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 purpose of the Canadian National Exhibition and the Royal Agricultural Winter Fair periods. 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 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.

Staff from Exhibition Place and Corporate Real Estate Management ("CREM") have been in discussions and negotiations with Toronto Equestrian since December 2023.

Existing Lease

The existing lease is a result of a public Request for Proposals (RFP) posted on both Merx and the Exhibition Place web site on July 21, 2020. The existing lease within the Horse Palace with Toronto Equestrian expires on December 31, 2024.

Exhibition Place to date has enjoyed a productive and amicable relationship with Toronto Equestrian and through this opportunity wishes to continue this mutually valuable relationship.

Toronto Equestrian Profile/History

Toronto Equestrian is a private corporation. Their business is running riding schools, and they do this exceptionally well. They currently operate 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 Downtown 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. In their second year, they quickly grew their business to capacity at their Uxbridge, Ontario location.

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. In the summer of 2024, they have also expanded their camp offerings to include a week of equestrian camp experience for at-risk youth and low-income families in the area. They are also currently developing a program with Native Child and Family Services to provide job training and horseback riding programs.

Since assuming the lease at Exhibition Place Horse Palace in January 2021, Toronto Equestrian has been providing top notch riding lessons and equestrian experiences to the wider Toronto community. The riding school is now operating at full capacity serving roughly 300 riders and their families weekly. Their programs have been sold out as of December 2023 and they are running a 12–24-month waitlist for most of their programs.

Business Partners

Toronto Equestrian has formed strategic partnerships with local and international businesses to diversify their programs, including, Bayview Glen Camps, based in Toronto to provide an equestrian summer day camp for their students of different abilities, and Cheyenne Sickle 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's 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

Hardat Persaud, CFO & Corporate Secretary, 416-263-3031, hpersaud@explace.on.ca

Kelvin Seow, Chief People & Strategy Officer, 416-263-3111, KSeow@explace.on.ca

SIGNATURE

Don Boyle
Chief Executive Officer

ATTACHMENTS

Confidential Attachment 1 - Lease Agreement for the Horse Palace - Toronto Equestrian - Financial Terms and Implications

Appendix A - Lease Agreement for the Horse Palace - Toronto Equestrian - Terms and Conditions

Appendix B - Lease Agreement for the Horse Palace - Toronto Equestrian - Floor Plan