

Approved pursuant to the Delegated Authority contained in Article 2 of City of Toronto Municipal Code Chapter 213, Real Property

Prepared By:	Myron Menezes	Division:	Corporate Real Estate Management										
Date Prepared:	June 29, 2021	Phone No.:	(416) 338-3586										
Purpose	To obtain authority for the City of Toronto (the "City"), as landlord, to enter into a lease agreement (the "Lease") with 16730801 Ontario Inc. (the "Tenant") and The Board of Governors of Exhibition Place (the "Board"), for the use of a portion of the Queen Elizabeth Complex known as the Queen Elizabeth Theatre located at 190 Princes' Boulevard, Toronto for the purpose of a venue, in the Theater Portion, presenting live entertainment, including concerts, dance productions, theatre productions, film productions and musical or theatrical cultural events, including visual effects, live music and first or second run movies and, in the Lobby Portion, a box office, coat check, and bar/lounge area licensed for the sale and service of liquor, all as ancillary to and in connection with the principal use of the Theatre Portion.												
Property	A portion of the Queen Elizabeth Complex known as the Theatre Portion and the Lobby Portion of the Queen Elizabeth Theatre (the "Property") located at the property municipally known as 190 Princes' Boulevard, City of Toronto and as shown on Appendix "B".												
Actions	1. Authority be granted to enter into a Lease with the Tenant and the Board to lease the Property for a term of ten (10) years commencing on May 1, 2020 and expiring April 30, 2030, substantially on the major terms and conditions set out in Appendix "A" and Confidential Attachment 1, and including such other terms and conditions as may be deemed appropriate by the approving authority herein, and in a form acceptable to the City Solicitor.												
Financial Impact	For Financial Impact see Confidential Attachment 1.												
Comments	Revenue will be directed to the 2021 Council Approved Operating Budget for Exhibition Place under cost center EX0200 and future year revenue will be included in future year budget submissions for Council consideration.												
	The Chief Financial Officer and Treasurer has reviewed this DAF and agrees with the financial implications as identified in the Financial Impact section.												
	The Property was built in 1957 and consists of a theatre and lobby estimated at 34,706 square feet.												
Terms	The Board and the Tenant had initially entered into a lease dated May 1, 2008, as amended by a lease amending agreement dated May 1, 2010 and a lease amending agreement dated May 9, 2018 for the Property which expired on April 30, 2020 (the "Existing Lease"). The Tenant is a company that has existed since 2006 and is also the tenant under a lease of the Fountain Dining Room (the "FDR"), also located in the Queen Elizabeth Complex. Since 2006, the Tenant has successfully brought more than 300 shows to the Queen Elizabeth Theatre. The Tenant's owner is also the sole shareholder of Corner Pocket Billiards Club Inc. which carries on business in the name of The Mod Club on College Street. The Tenant's owner has been in the restaurant and entertainment business for 25 plus years operating the successful MOD Club venue for 16 plus years.												
	At its meeting of June 13, 2019 the Board approved a new lease between the City of Toronto as Landlord and the Tenant for a term of ten (10) years commencing May 1, 2020 and ending April 30, 2030. The Tenant on January 9, 2020 wrote to the CEO of Exhibition Place requesting a term of 20 years instead of 10 years, proposed to expire on April 30, 2040, so that the Tenant would be in a better position to recoup its investment and sustain its business model.												
	City Real Estate staff consulted with Exhibition Place staff. Presently, nothing in the draft guiding principles of the Master Planning Development Study Plan undertaken by City Planning would indicate that a 20 year lease cannot be done at this time. Therefore both parties are supportive of the direction to move forward as set out in this form.												
	Since the business model for the FDR is tied to the activities in the Queen Elizabeth Theatre, staff recommend that the term of the Lease be co-terminous with the proposed expiration of the FDR Lease on April 30, 2040.												
	The Board approved the Lease at its meeting on February 11, 2020, subject to City approval, and the Board and Real Estate Services consider the terms and conditions of this proposed Lease to be fair, reasonable and reflective of market rates.												
Property Details	<table border="1"> <tr> <td>Ward:</td><td>Ward 10 – Spadina-Fort York</td></tr> <tr> <td>Assessment Roll No.:</td><td></td></tr> <tr> <td>Approximate Size:</td><td></td></tr> <tr> <td>Approximate Area:</td><td>3,224 m² ± (34,705 ft² ±)</td></tr> <tr> <td>Other Information:</td><td>Pin: 213830039</td></tr> </table>			Ward:	Ward 10 – Spadina-Fort York	Assessment Roll No.:		Approximate Size:		Approximate Area:	3,224 m ² ± (34,705 ft ² ±)	Other Information:	Pin: 213830039
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A.	City Manager has approval authority for:
1. Acquisitions: 2A. Expropriations Where City is Expropriating Authority: 2B. Expropriations For Transit-Related Purposes Where City is Property Owner or Has Interest in Property Being Expropriated: 3. Issuance of RFPs/REOs: 4. Permanent Highway Closures: 5. Transfer of Operational Management to Divisions, Agencies and Corporations: 6. Limiting Distance Agreements: 7. Disposals (including Leases of 21 years or more): 8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan: 9. Leases/Licences (City as Landlord/Licensor): 10. Leases/Licences (City as Tenant/Licensee): 11. Easements (City as Grantor): 12. Easements (City as Grantee): 13. Revisions to Council Decisions in Real Estate Matters: 14. Miscellaneous:	<input type="checkbox"/> Where total compensation does not exceed \$10 Million. <input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$10 Million. <input type="checkbox"/> (a) Acceptance of statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$10 Million. Request/waive hearings of necessity delegated to less senior positions. Delegated to less senior positions. Delegated to less senior positions. Delegated to less senior positions. <input type="checkbox"/> Where total compensation does not exceed \$10 Million. <input type="checkbox"/> Where total compensation does not exceed \$10 Million. Delegated to less senior positions. <input checked="" type="checkbox"/> Where total compensation (including options/ renewals) does not exceed \$10 Million. Leases/licences for periods up to 12 months at less than market value delegated to less senior positions. Leases pursuant to the Community Space Tenancy Policy delegated to a less senior position. <input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million. <input type="checkbox"/> Where total compensation does not exceed \$10 Million. Nominal sum easements to pre-existing utilities when closing roads delegated to less senior positions. <input type="checkbox"/> Where total compensation does not exceed \$10 Million. <input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (U)). Delegated to less senior positions.

B. City Manager has signing authority on behalf of the City for:

- Documents required to implement matters for which this position also has delegated approval authority.

Pre-Condition to Approval
☒ Complies with General Conditions in Appendix B of City of Toronto Municipal Code Chapter 213, Real Property

Consultation with Councillor(s)

Councillor:	Joe Cressy	Councillor:	
Contact Name:	Brent Gilliard	Contact Name:	
Contacted by:	Phone <input type="checkbox"/> X E-Mail <input type="checkbox"/> Memo <input type="checkbox"/> Other <input type="checkbox"/>	Contacted by:	Phone <input type="checkbox"/> E-mail <input type="checkbox"/> Memo <input type="checkbox"/> Other <input type="checkbox"/>
Comments:	No objections – June 28, 2021	Comments:	

Consultation with Divisions and/or Agencies

Division:	Exhibition Place	Division:	Financial Planning
Contact Name:	Hardat Persaud, CFO	Contact Name:	Patricia Libardo
Comments:	Comments incorporated – June 15, 2021	Comments:	Comments incorporated – June 14, 2021

Legal Services Division Contact

Contact Name:	Jack Payne
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DAF Tracking No.: 2021- 181	Date	Signature
Recommended by: Manager, Real Estate Services	July 8, 2021	Signed by Daran Somas
Recommended by: Director, Real Estate Services	July 8, 2021	Signed by Alison Folosea
<input checked="" type="checkbox"/> Recommended by: Executive Director, Corporate Real Estate Management Patrick Matozzo	July 8, 2021	Signed by Patrick Matozzo
<input checked="" type="checkbox"/> Recommended by: Deputy City Manager, Corporate Services Josie Scioli	July 12, 2021	Signed by Josie Scioli
<input checked="" type="checkbox"/> Approved by: City Manager Chris Murray	July 12, 2021	Signed by Chris Murray

Appendix "A"

Major Terms and Conditions

Landlord:	City of Toronto
Board:	The Board of Governors of Exhibition Place
Tenant:	16730801 Ontario Inc.
Board Execution:	The Board will also execute the Lease and, unless the Landlord advises otherwise and save as expressly otherwise provided in the Lease, all rights, covenants and obligations of the Landlord may be exercised, performed or complied with by the Landlord and/or the Board.
Property:	A portion of the Queen Elizabeth Complex known as the Queen Elizabeth Theater consisting of the Theater Portion and the Lobby Portion and located at the property municipally known as 190 Princes' Boulevard, City of Toronto as shown on Appendix "B", and providing a right of access by the Landlord to those areas identified and discussed in Appendix "B".
Parking:	10 non-reserved parking permits will be provided at no additional cost. If the Landlord advises that such are available, the Tenant may purchase additional annual parking permits for its staff at the Landlord's or Board's prescribed monthly rate
Basic Rent:	As per Confidential Attachment 1.
Percentage Rent:	As per Confidential Attachment 1.
Net Lease/ Additional Rent:	The Lease is an absolutely net lease to the Landlord, except as expressly set out, and that the Landlord shall not be responsible for any costs, charges, expenses, and outlays of any nature whatsoever arising from or relating to the Property, the contents, the use or occupancy thereof, or the business carried on therein. The Tenant shall pay all taxes , charges, impositions, costs and expenses relating to the Property , the use and occupancy thereof, the contents thereof, and the business carried on therein.
Deposit:	The Tenant has paid a security deposit of \$10,000.00
Term:	Ten (10) years commencing on May 1, 2020 and expiring on April 30, 2030.
Option to Extend:	Provided the Tenant is in occupation of the whole of the Property and is not and has not been in default, it shall have one (1) option to extend the Term for ten (10) years, if 6 to 12 months advance notice to exercise is provided, commencing on May 1, 2030 and expiring on April 30, 2040 under the same terms and conditions except that there will be no further right to extend or renew the Term and that Basic Rent will be at the then market value rates, not to be less than the Basic Rent paid in the last twelve (12) month period of the original Term.
Use:	<p>Theatre Portion: a venue presenting live entertainment, including concerts, dance productions, theatre productions, film productions and musical or theatrical cultural events, including visual effects, live music and first or second run movies in accordance with one of the following configurations:</p> <ul style="list-style-type: none"> (i) a standing room only general admission concert venue with a total capacity of no less than 3,047 persons; or (ii) a ticketed theatre with seating, with a seated capacity of approximately 1,200 persons (collectively, the "Principal Use"). <p>Lobby Portion: a box office, coat check, and bar/lounge area licensed for the sale and service of liquor, all as ancillary to and in connection with the Principal Use by the Tenant in the Theatre Portion of the Property. Under no circumstances will the Tenant permit all or any part of the Property to be configured or used in such a way that it or they, as the case may be, could accommodate, under any circumstances, a standing room crowd capacity of greater than 500 persons and less than 2,999 persons and without limiting the generality of the foregoing the Tenant shall not configure or use the licensed bar/lounge area in such a way that it could accommodate, under any circumstances, a standing room capacity of greater than 500 persons and less than 2,999 persons. The Tenant may use the Lobby Portion only, provided the event accommodates less than 475 persons.</p> <p>Shared portions: the Tenant has a non-exclusive right, in common with others entitled thereto, to use all or part of the following areas within the Queen Elizabeth Complex for event intermissions for events held in the Property:</p>

- I. the elevator and the adjoining stairwell in the hallway that adjoins the Property and the Withrow Common (formerly Queen Elizabeth Executive Office);
- II. the men's and women's washrooms in the lobby area for the Fountain Dining Room on the second floor of the Withrow Common; and
- III. the handicapped washroom in the lobby area for the Fountain Dining Room on the second floor of the Withrow Common;

All premises: the right to operate food and beverage concessions within the Property. May only be operated during an event taking place within the Theatre Portion. The projection room may also be used as a VIP seating area.

Use Limitations: Without limitation to the foregoing, the Tenant acknowledges that its use and occupation of the Property (including any combined use of the Property and the FDR Lease premises) is not permitted to violate the exclusivity rights granted to the tenant of the Horticulture Building.

Tenant's Signage: The Tenant may install identification signage or banners, but not third party advertising, on the exterior of the foyer entrance to the Building and within the Property. The size, form, type, colour, design, content and location of the exterior signs shall be approved by the Landlord. The Tenant shall be responsible for the cost of all signage.

Leasehold Improvements:

- The Tenant shall make significant investments in the Property and, as a minimum pursuant to the Theatre Renovation set out in Schedule "K" to the Lease (which is consented to by the Landlord), spend no less than \$2,400,000.00 (plus HST) in capital investment with 95% of this amount being spent no later than May 31, 2021.

Tenant Maintenance Obligations: The Tenant shall, at its sole cost, operate, maintain and repair the Property in a good condition in keeping with a first-class entertainment facility.

Landlord Maintenance Obligations: At the Landlord's expense, maintenance of foundation, structure, roof, HVAC, snow removal and grounds maintenance surrounding the building.

Insurance: The Tenant will maintain:

- Tenant property insurance
- Business interruption and extra expense insurance covering any rental obligations to the landlord.
- Comprehensive General Liability Insurance for up to \$5,000,000.00 per occurrence
- Standard owner's automobile liability insurance for up to \$1,000,000.00 per occurrence.
- Standard non-owned automobile liability insurance for up to \$1,000,000.00 per occurrence.
- Builder's risk insurance

Tenant Assignment: Tenant may assign the lease only with the City's consent which can be unreasonably withheld.

Joint Default: Any default by the Tenant under this lease will constitute a default under the FDR Lease and vice versa.

Restoration of the Premises: Upon expiration or termination of the Lease, Tenant to return the Property in the condition the Tenant was required to maintain the property and remove all the Tenant's chattels, fixtures and leasehold improvements that the Landlord requires to be removed.

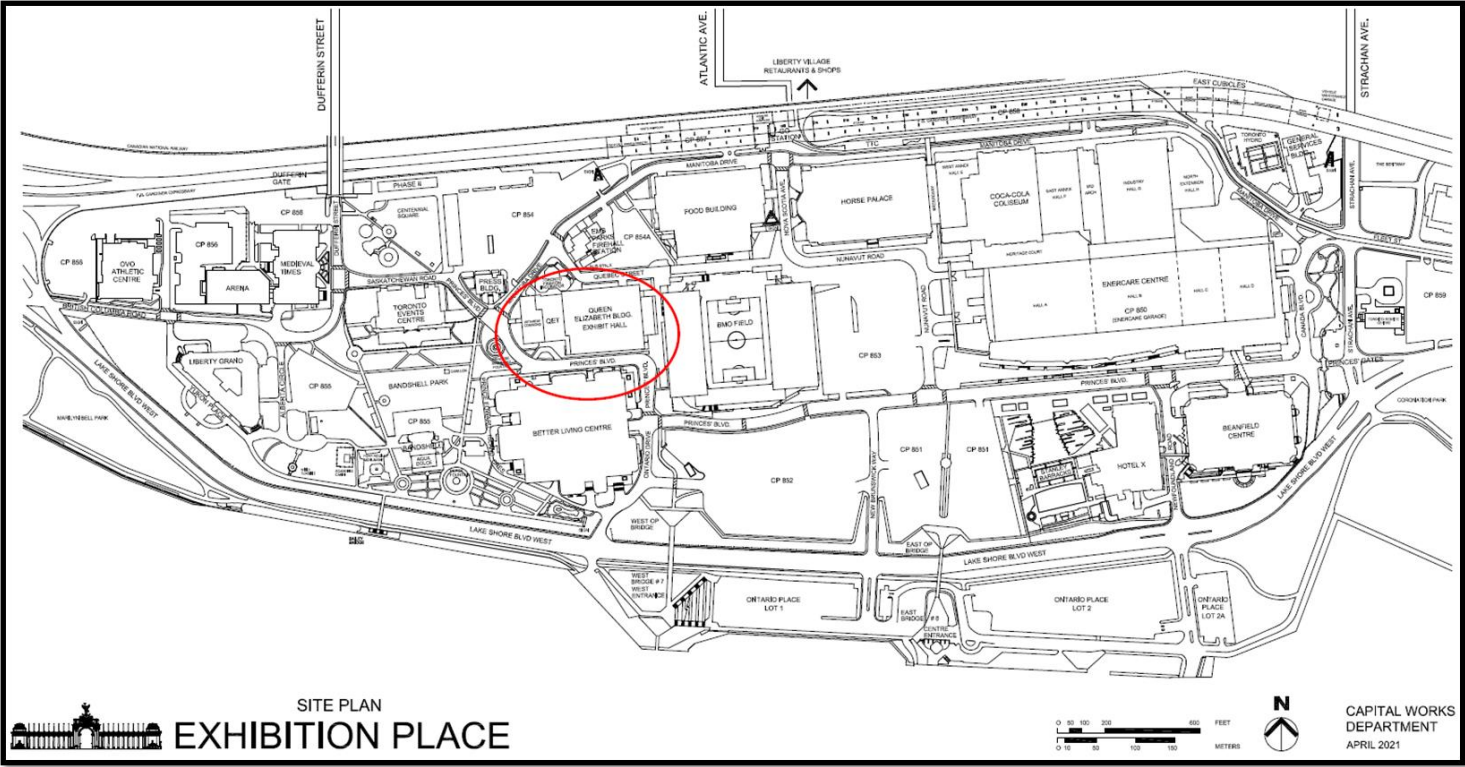
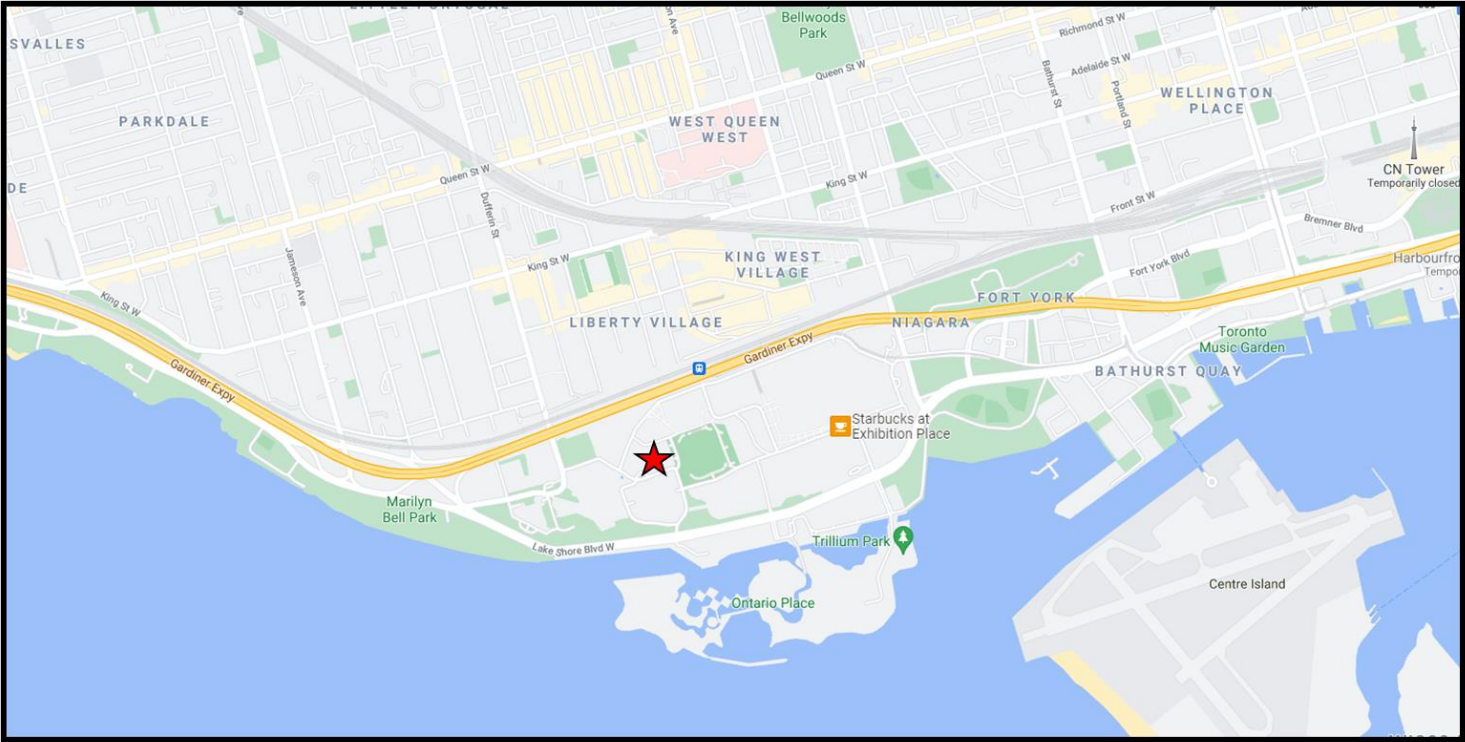
Additional Provisions:

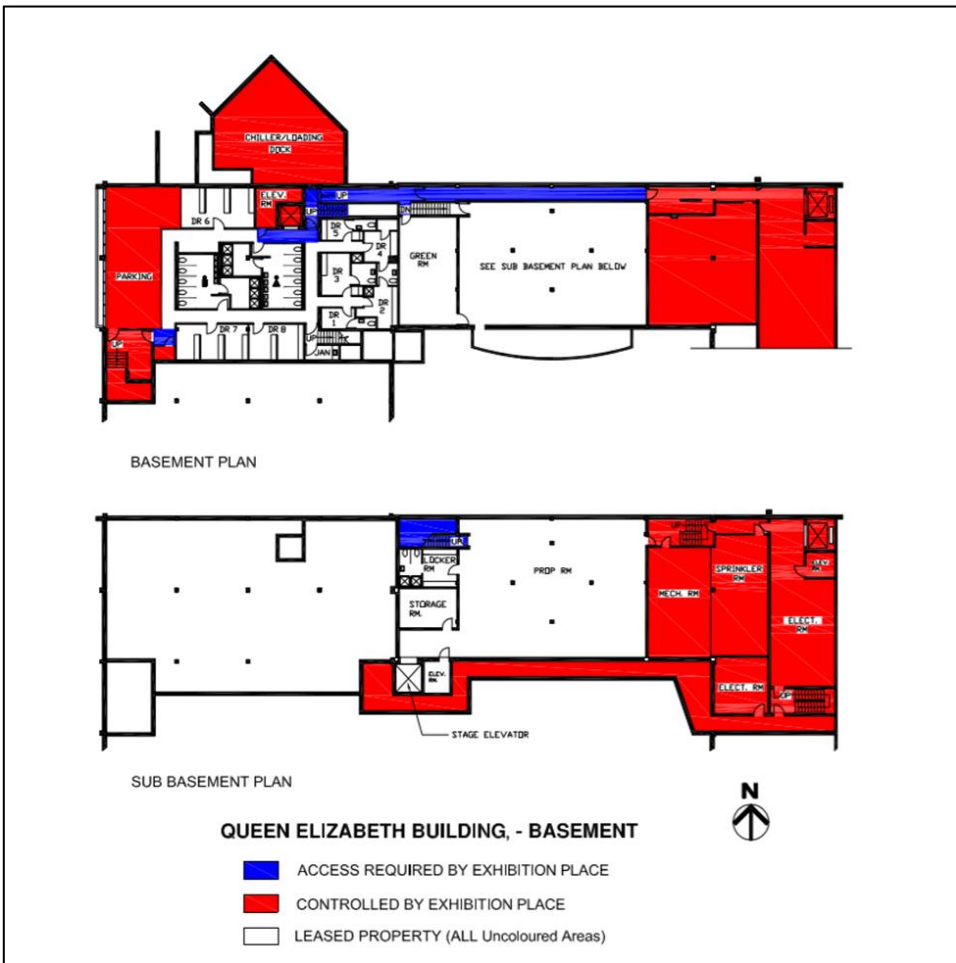
- Property is leased in an "as is, where is" condition.
- Landlord or the Board can book the facility for priority third party events spanning 5 consecutive days or less subject to a maximum of 30 days total per year as long as Tenant does not have previously contracted events on the same date.
- Landlord or the Board can book the facility for additional third party events spanning 5 consecutive days or less subject to a maximum of 30 days total per year by providing a maximum of one month's notice unless otherwise agreed to by the Tenant acting reasonably.

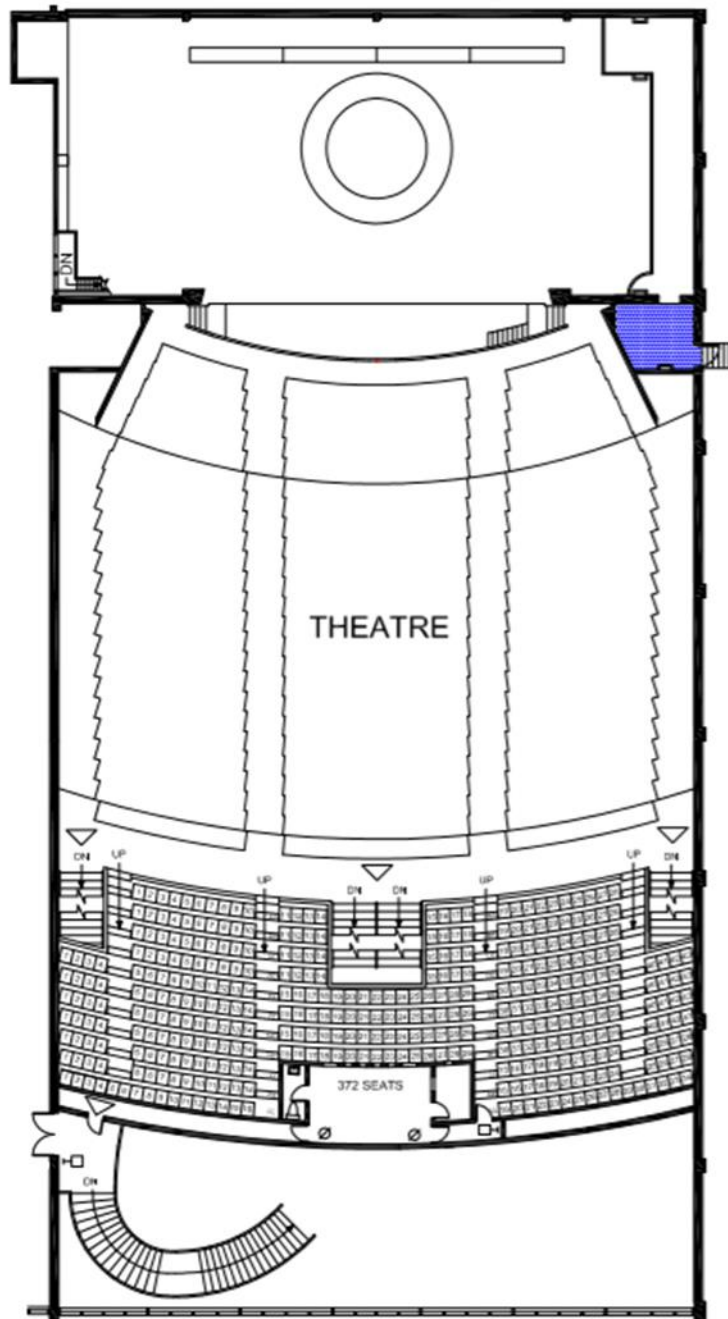
Capitalized Terms: Capitalized terms not otherwise defined have the meaning given them in the Lease.

Appendix "B"

Location Maps





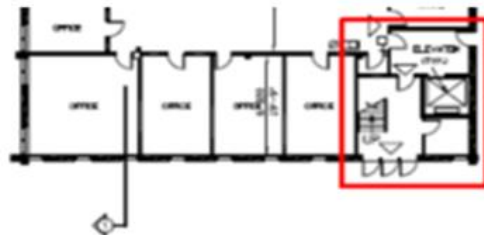
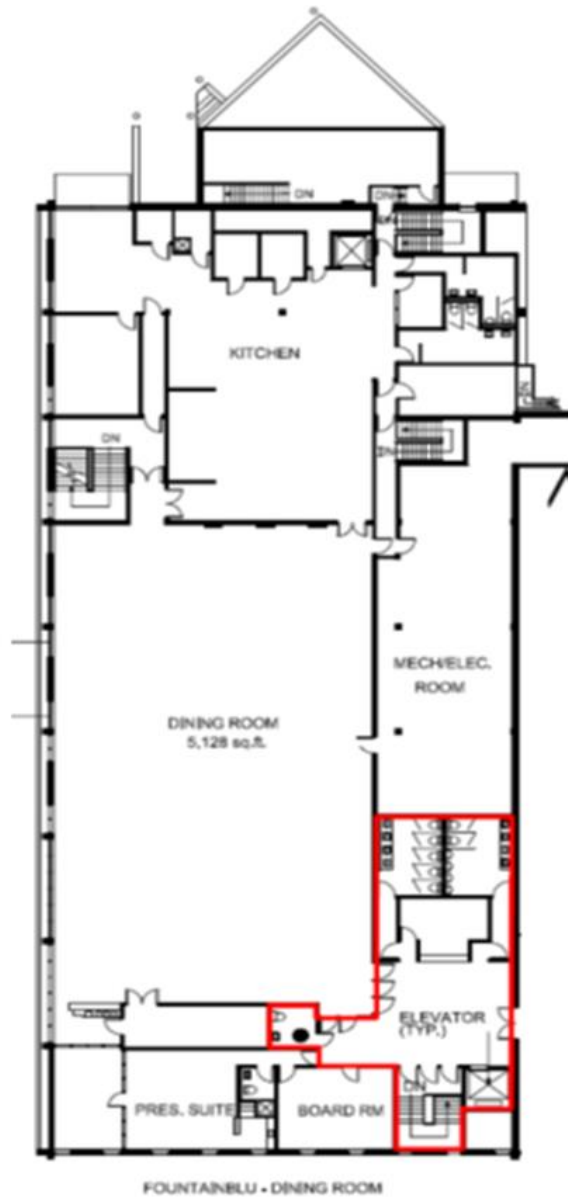


THEATRE - MEZZANINE
QUEEN ELIZABETH BUILDING

- ACCESS REQUIRED BY EXHIBITION PLACE
- CONTROLLED BY EXHIBITION PLACE



Shared Use Areas by Tenant



WITHROW COMMON
QUEEN ELIZABETH BUILDING, FIRST FLOOR
EXHIBITION PLACE, TORONTO