

DELEGATED APPROVAL FORM
DEPUTY CITY MANAGER, CORPORATE SERVICES
EXECUTIVE DIRECTOR, CORPORATE REAL ESTATE MANAGEMENT

TRACKING NO.: 2024-239

Confidential Attachment

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

Prepared By:	Niall Robertson	Division:	Corporate Real Estate Management
Date Prepared:	December 5, 2024	Phone No.:	416-392-1227
Purpose	To obtain authority to revise City Council's ("Council") decision made on December 15, 16 and 17, 2021 by its adoption of Item GL27.18 (the "Original Decision") to amend certain business terms and conditions as set out in Appendix "B". The Original Decision authorized the City of Toronto (the "City"), as Landlord, to enter into a new lease (the "Phase 2 Lease") with Lakeshore Princess West Limited Partnership (the "Phase 2 Tenant"), and The Board of Governors, Exhibition Place (the "Board") with respect to the Property (as defined below), for the development and operation of a hotel (the "Phase 2 Hotel") and an auditorium-style performance venue (the "Performance Venue"), on the terms and conditions set out therein.		
Property	The property adjacent to the property municipally known as Hotel X, 111 Princes' Boulevard, Exhibition Place, Toronto, being part of PIN 21383-0039 (LT) (the "Property"), as shown on the Location Map and Site Plan in Appendix "A".		
Actions	1. Authority be granted to revise the Original Decision to amend certain business terms and conditions substantially in accordance with the terms set out in Appendix "B" such that the Original Decision shall be amended to incorporate such amendments.		
Financial Impact	<p>The financial terms outlined in the Original Decision are carried in the Phase 2 Lease; specifically, annual minimum rents and annual percentage rent remain unchanged. The Term of the lease is shortened due to a fixed end date and a delayed construction commencement date, thus lowering the estimated financial return over the full Term, as set out in Confidential Attachment 1.</p> <p>The Chief Financial Officer and Treasurer has reviewed this DAF and agrees with the financial impact information.</p>		
Comments	<p>See Additional Comments, Page 5 for Decision History comments on revisions to the Original Decision.</p> <p>Since the Original Decision, the parties have been negotiating the Phase 2 Lease, and the Tenant has had various consultations with City Planning. Based on these negotiations and refinements in the design process, the Phase 2 Tenant has proposed minor modifications to the performance venue seating capacity and the number of underground parking stalls, as well as certain other amendments to the Phase 2 Lease. Further, given the market pressures imposed by the COVID-19 pandemic, and the need to avoid interference with the FIFA World Cup, the Tenant's financing and the development timeline has been delayed, resulting in milestone dates that differ from that in the Original Decision. CREM staff, in consultation with the Board and the City Solicitor, are satisfied that these revisions are not materially inconsistent with the Original Decision.</p> <p>As this land is located in the Designated Waterfront Area, as defined in the Toronto Waterfront Revitalization Corporation Act, 2002, the approval of the Director, Waterfront Secretariat has been obtained.</p>		
Terms	See Appendix "B" for amended terms and conditions.		
Property Details	Ward:	Spadina-Fort York	
	Assessment Roll No.:	Not yet separately assessed	
	Approximate Size:	To be determined	
	Approximate Area:	To be determined	
	Other Information:		

A.	Executive Director, Corporate Real Estate Management has approval authority for:	Deputy City Manager, Corporate Services has approval authority for:
<p>1. Acquisitions:</p> <p>2A. Expropriations Where City is Expropriating Authority:</p> <p>2B. Expropriations For Transit-Related Purposes Where City is Property Owner or Has Interest in Property Being Expropriated:</p> <p>3. Issuance of RFPs/REOs:</p> <p>4. Permanent Highway Closures:</p> <p>5. Transfer of Operational Management to Divisions, Agencies and Corporations:</p> <p>6. Limiting Distance Agreements:</p> <p>7. Disposals (including Leases of 21 years or more):</p> <p>8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan:</p> <p>9. Leases/Licences (City as Landlord/Licensor):</p> <p>10. Leases/Licences (City as Tenant/Licensee):</p> <p>11. Easements (City as Grantor):</p> <p>12. Easements (City as Grantee):</p> <p>13. Revisions to Council Decisions in Real Estate Matters:</p> <p>14. Miscellaneous:</p>	<p><input type="checkbox"/> Where total compensation does not exceed \$3 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$3 Million.</p> <p><input type="checkbox"/> (a) Acceptance of statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$3 Million.</p> <p>Request/waive hearings of necessity delegated to less senior positions.</p> <p><input type="checkbox"/> Issuance of RFPs/REOs.</p> <p><input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.</p> <p><input type="checkbox"/> Transfer of Operational Management to Divisions, Agencies and Corporations.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$3 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$3 Million.</p> <p><input type="checkbox"/> Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.</p> <p><input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$3 Million.</p> <p><input type="checkbox"/> (b) Where compensation is less than market value, for periods not exceeding twelve (12) months, including licences for environmental assessments and/or testing, etc.</p> <p>Delegated to a more senior position.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$3 Million.</p> <p><input type="checkbox"/> (a) Where total compensation does not exceed \$3 Million.</p> <p><input type="checkbox"/> (b) When closing roads, easements to pre-existing utilities for nominal consideration.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$3 Million.</p> <p><input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (U)).</p> <p><input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences</p> <p><input type="checkbox"/> (b) Releases/Discharges</p> <p><input type="checkbox"/> (c) Surrenders/Abandonments</p> <p><input type="checkbox"/> (d) Enforcements/Terminations</p> <p><input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppel Certificates</p> <p><input type="checkbox"/> (f) Objections/Waivers/Cautions</p> <p><input type="checkbox"/> (g) Notices of Lease and Sublease</p> <p><input type="checkbox"/> (h) Consent to regulatory applications by City, as owner</p> <p><input type="checkbox"/> (i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title</p> <p><input type="checkbox"/> (j) Documentation relating to Land Titles applications</p> <p><input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds</p>	<p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million.</p> <p><input type="checkbox"/> (a) Acceptance of statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million.</p> <p>Request/waive hearings of necessity delegated to less senior positions.</p> <p><input type="checkbox"/> Issuance of RFPs/REOs.</p> <p><input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.</p> <p><input type="checkbox"/> Transfer of Operational Management to Divisions, Agencies and Corporations.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.</p> <p><input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$5 Million.</p> <p><input type="checkbox"/> (b) Where compensation is less than market value, for periods not exceeding twelve (12) months, including licences for environmental assessments and/or testing, etc.</p> <p><input type="checkbox"/> (c) Where compensation is less than market value, provided tenant and lease satisfy Community Space Tenancy Policy criteria set out in Item EX28.8, as adopted by Council on November 7, 8 and 9, 2017, as amended from time to time.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.</p> <p><input type="checkbox"/> (a) Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> (b) When closing roads, easements to pre-existing utilities for nominal consideration.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input checked="" type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (U)).</p> <p><input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences</p> <p><input type="checkbox"/> (b) Releases/Discharges</p> <p><input type="checkbox"/> (c) Surrenders/Abandonments</p> <p><input type="checkbox"/> (d) Enforcements/Terminations</p> <p><input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppel Certificates</p> <p><input type="checkbox"/> (f) Objections/Waivers/Cautions</p> <p><input type="checkbox"/> (g) Notices of Lease and Sublease</p> <p><input type="checkbox"/> (h) Consent to regulatory applications by City, as owner</p> <p><input type="checkbox"/> (i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title</p> <p><input type="checkbox"/> (j) Documentation relating to Land Titles applications</p> <p><input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds</p>

B. Deputy City Manager, Corporate Services and Executive Director, Corporate Real Estate Management each has signing authority on behalf of the City for:

- Documents required to implement matters for which each position also has delegated approval authority.
- Agreements of Purchase and Sale and all implementing documentation for purchases, sales and land exchanges not delegated to staff for approval.
- Expropriation Applications and Notices following Council approval of expropriation.
- Community Space Tenancy Leases approved by delegated authority by the Deputy City Manager, Corporate Services and any related documents.

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:	Deputy Mayor Ausma Malik	Councillor:	
Contact Name:		Contact Name:	
Contacted by:	<input type="checkbox"/> Phone <input checked="" type="checkbox"/> E-Mail <input type="checkbox"/> Memo <input type="checkbox"/> Other	Contacted by:	<input type="checkbox"/> Phone <input type="checkbox"/> E-mail <input type="checkbox"/> Memo <input type="checkbox"/> Other
Comments:	No objections	Comments:	

Consultation with Divisions and/or Agencies

Division:	Exhibition Place	Division:	Financial Planning
Contact Name:	Don Boyle, CEO	Contact Name:	Ciro Tarantino
Comments:	Concurs	Comments:	No comments

Legal Services Division Contact

Contact Name:	Jack Payne
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DAF Tracking No.: 2024-239	Signature
Recommended by: Manager, Real Estate Services Niall Robertson	Signed by Niall Robertson on December 16, 2024
Recommended by: Director, Real Estate Services Alison Folosea	Signed by Alison Folosea on December 17, 2024
<input checked="" type="checkbox"/> Recommended by: Executive Director, Corporate Real Estate Management <input type="checkbox"/> Approved by: Patrick Matozzo	Signed by Patrick Matozzo on December 18, 2024
<input checked="" type="checkbox"/> Approved by: Deputy City Manager, Corporate Services David Jollimore	Signed by David Jollimore on December 19, 2024

Additional Comments

Decision History:

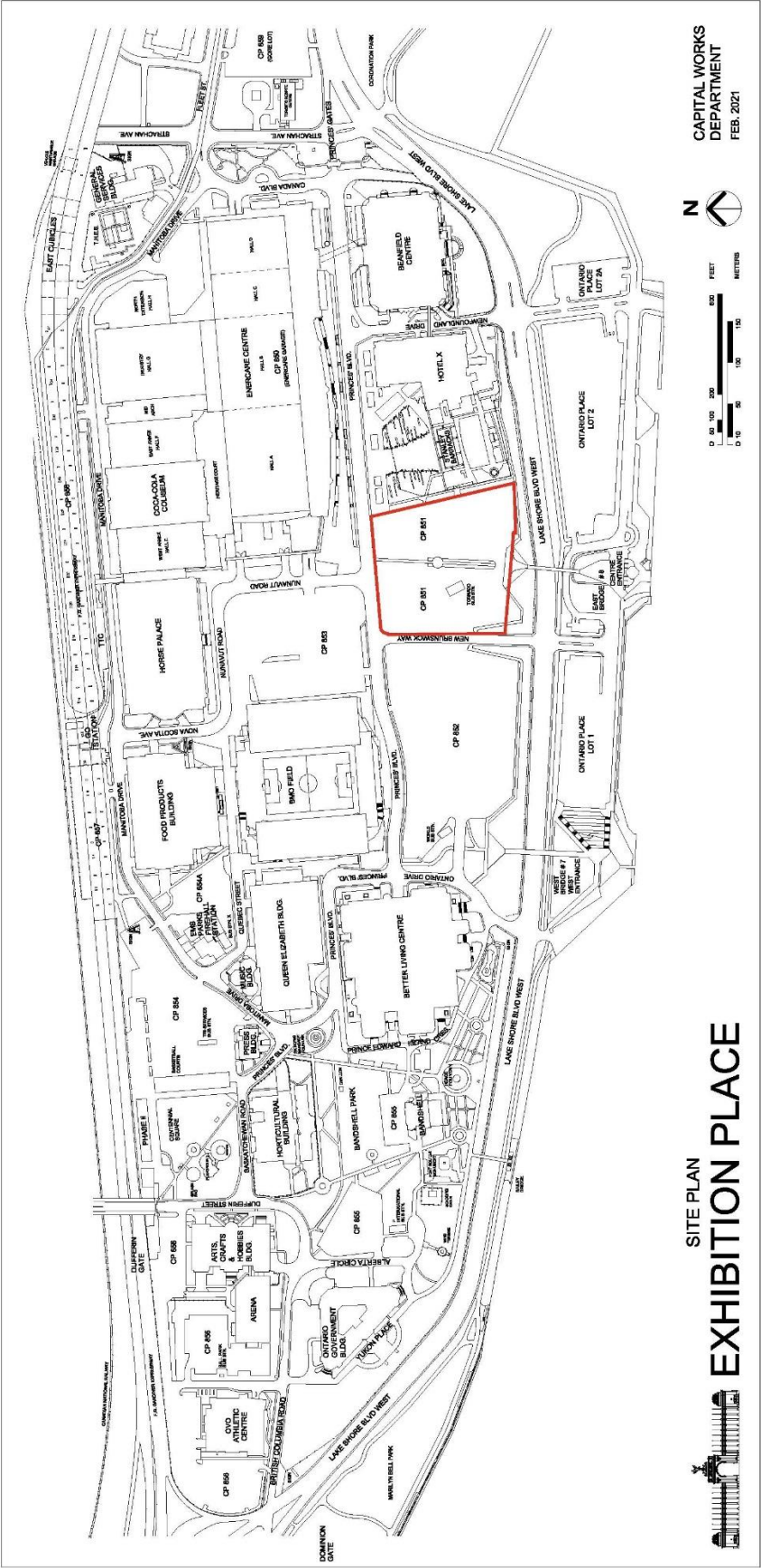
At its meeting of December 15, 16 and 17 2021, by adoption of Item GL27.18, Council authorized the City, as Landlord, to enter into the Phase 2 Lease with the Phase 2 Tenant and the Board, for the development and operation of a hotel and performance venue substantially on terms and conditions set out in the GL27.18 staff report, comprised of a 400-room hotel, underground parking of approximately 350 spaces; and a 6,600 to 7,000 seat auditorium-style entertainment performance venue, and such other and amended terms and conditions deemed appropriate by the Deputy City Manager, Corporate Services, the Chief Executive Officer, Exhibition Place and in a form satisfactory to the City Solicitor.

At its meeting of October 29, 2021, by adoption of Item EP20.1, the Board approved the Phase 2 Lease on the terms and conditions included in the EP20.1 report, subject to Council approval.

Note: The purpose of this sketch is solely to indicate the approximate current proposed location and of the Phase 2 Hotel and the Performance Venue. The actual location and configuration of the Phase 2 Hotel and the Performance Venue, in accordance with the Approved Site Plan, may differ from that shown on such sketch.

Appendix "A2"

Site Plan of Leased Property



Appendix "B"

Amendments to 2021.GL27.18, as adopted by City Council on December 15, 16 and 17, 2021

Authority	Council-Adopted Recommendation or Term	Amendments Request by Delegated Authority (with Section references from Phase 2 Lease)
GL27.18 – Appendix A – Terms and Conditions of Phase 2 Lease - Schedule 2	<i>GL 27.18, Schedule 2</i> – Milestone Dates:	<i>Schedule E of the Lease</i> – Milestone Dates:
<u>Milestone Dates</u> , as follows:		
Concept Design submission to City Planning/Development Review and the Design Review Panel Advisory Board (DRPAB)	Completed	Tenant to submit the revised conceptual design to Development Review for consideration and possible resubmission to the DRPAB.
General Government and Licensing Committee - Request for Approval	October 20, 2021	Completed (November 30, 2021)
Toronto City Council - Request for Approval	November 9, 2021	Completed (December 15, 2021)
Submit Site Plan Approval (SPA) Application	January 30, 2022	December 31, 2025
Submit Archaeological Phasing Application	-	March 31, 2026
Reference Plan/Survey registered on Title and separate property identifier	January 31, 2022	Not included in revised Schedule E.
Public Consultation/Engagement	January 1, 2022 – September 30, 2022	Not included in revised Schedule E. Public consultation is no longer part of the SPA process. Project updates to be included in Exhibition Place community liaison meetings.
Site Plan Review	December 9, 2021 – October 31, 2022	Not included in revised Schedule E. However, Lease now contains an outside date of January 1, 2030, by which site plan approval must be obtained, subject only to Force Majeure and Landlord Delay.
Financing Plan - Commitment Letters from Major Subtenant Sublease Lenders and Equity Partners	December 1, 2021	March 31, 2026
Infrastructure Pre-Work	January 1, 2022 – July 31, 2022	Not included in revised Schedule E.
Award Construction Contract	April 15, 2022	April 30, 2026
Notice of Approval Conditions	-	December 31, 2027 (subject to the SPA outside date of January 1, 2030)
Commence Archaeological Work - Stage 2 pending approval from Ministry	November 1, 2021	April 15, 2027
Apply for Building Permit	January 1, 2021 – August 18, 2022	November 1, 2026
Capital Cost Estimates - Final	March 30, 2022	Not included in revised Schedule E
Commence Construction/Site Excavation	August 29, 2022	March 1, 2028
Complete Phase 2 Construction	August 27, 2025	March 1, 2032
Finalize and Execute Lease	June 30, 2022	Not included in revised Schedule E

Authority	Council-Adopted Recommendation or Term	Amendments Request by Delegated Authority (with Section references from Phase 2 Lease)
GL27.18, Appendix A – Terms and Conditions of Phase 2 Lease	Schedule 2 (Milestone Dates) anticipates construction of Phase 2 Hotel and Venue as single Development.	<p>Sections 1.1, 4.3, 4.5, 6.1, 10.2, 14.3, Schedule E</p> <p>Tenant plans to construct, or cause to be constructed by subtenants, the Development on a Component-by-Component basis. The current intention is for the Below-Grade Structure, Venue and Phase 2 Hotel to be constructed together.</p>
GL27.18, Appendix A – Terms and Conditions of Phase 2 Lease Development	Underground parking of approximately 350 spaces (200,000 square feet).	<p><i>Sections 3.3(b), 7.3</i></p> <p>Currently estimated below-grade area of the parking stalls of the Below-Grade Structure will be comprised of 200,000 square feet (being a minimum of 296 underground parking stalls).</p>
GL27.18, Appendix A – Terms and Conditions of Phase 2 Lease Development	A 6,600 to 7,000 seat auditorium-style entertainment Performance Venue (190,000 square feet).	<p>Section 4.1(c)</p> <p>The Venue shall operate solely as an entertainment venue having a seating capacity of no less than 5,500 and no more than 7,000 (with temporary contractions and expansions from time to time).</p>
GL27.18, Appendix A – Terms and Conditions of Phase 2 Lease Development	Current conceptual design for the Development is shown as Schedule 4	<p>Section 4.1(f), Schedule D</p> <p>Preliminary conceptual design for the Development is attached to Lease as Schedule D and included in this Delegated Approval Form as Appendix C.</p>
GL27.18, Appendix A – Terms and Conditions of Phase 2 Lease Renewal Terms	The Tenant will have two (2) renewal options for renewal terms of twenty-five (25) years each, on the terms and conditions provided for in the Phase 1 Lease	<p>Section 2.2</p> <p>The Tenant may elect to designate only the Phase 2 Hotel or the Venue as that portion of the Leased Premises and the Development that the Tenant elects to retain and continue to lease during the Renewal Term, and to surrender the other portion of the Leased Premises.</p>
GL27.18, Appendix A – Terms and Conditions of Phase 2 Lease Signage	(f) The Tenant has provided the Landlord with the proposed exterior locations and specifications of its requested signage relating to the Venue, as set out in Schedule 3 hereto.	<p>Schedule G, setting out the Proposed Venue Signage as set out in Schedule 3 to the staff report in GL27.18, has been deleted from the Lease.</p> <p>Section 8.4(f)</p> <p>The Tenant shall provide the proposed exterior locations and specifications of its requested signage relating to the Venue for the Landlord's review and approval, in its capacity as lessor under the Lease, acting reasonably and having regard to the Landlord's and the Board's policies relating to signage at Exhibition Place.</p>

Authority	Council-Adopted Recommendation or Term	Amendments Request by Delegated Authority (with Section references from Phase 2 Lease)
<p>GL27.18, Appendix A – Terms and Conditions of Phase 2 Lease</p> <p>Permitted Uses/Prohibited Uses</p>	<p>Permitted Uses include the operation of the Venue as a facility having a seating capacity of 6,000 to 7,000 seats for concerts, sports events, private meeting events, promotional events, family shows, corporate launches and Cirque de Soleil-like events.</p>	<p>Section 4.1(c)</p> <p>The Venue shall operate solely as an entertainment venue having a seating capacity of no less than 5,500 and no more than 7,000 (with temporary contractions and expansions from time to time) for concerts, religious or celebratory functions and gatherings, speakers, e-sports, video gaming, sports, private meetings, family shows, corporate, product or promotional launches, promotional events, comedy nights, live entertainment and/or Cirque de Soleil-like events as well as, in each case, reasonably related ancillary uses, including, the sale of souvenirs, memorabilia, food and drink. However, in no event shall the Venue be used as a nightclub or for similar dance uses, including disc jockeyed events that are not concerts provided the foregoing prohibitions shall not in any way prohibit dancing and/or disc jockeys in connection with any of the permitted uses hereunder from time to time.</p>
<p>GL27.18, Appendix A – Terms and Conditions of Phase 2 Lease</p> <p>Permitted Uses/Prohibited Uses</p>	<p>The Prohibited Uses set out in the Phase 1 Lease, ... shall apply to the Phase 2 Lease.</p> <p>Section 6.2(a) of the Phase 1 Lease prohibits the use as a casino or gaming facility.</p>	<p>Section 6.2(a)</p> <p>Prohibited activities include:</p> <p>(a) a permanent (as opposed to temporary or charity) casino or gambling facility, provided that a temporary or charity casino or gambling facility will not be permitted when the CNE summer fair is operating, and at all other times a temporary or charity casino shall only be permitted for a maximum duration of five (5) consecutive days per occurrence, and there shall be no more than six (6) such occurrences per calendar year. The Tenant must provide Notice to the Landlord and Board not less than two (2) weeks prior to the proposed date of any temporary or charity casino from time to time.</p>
<p>GL27.18, Appendix A – Terms and Conditions of Phase 2 Lease</p> <p>Registration and Creation of Leasehold Parcel(s)</p>	<p>Registration of a notice of lease or creation of a leasehold parcel shall not be permitted prior to the Commencement Date.</p>	<p>Section 19.3</p> <p>Unless required by a Leasehold Mortgagee, registration of a notice or lease or short form of lease is not permitted prior to the satisfaction or waiver of the Landlord's conditions set out in Section 19.27 of the Lease.</p>

Authority	Council-Adopted Recommendation or Term	Amendments Request by Delegated Authority (with Section references from Phase 2 Lease)
<p>GL27.18, Appendix A – Terms and Conditions of Phase 2 Lease</p> <p>Non-Disturbance Agreement</p>	<p>The Landlord shall agree to provide to the subtenant under a Permitted Sublease a non-disturbance agreement on the terms otherwise provided for in Section 14.2(g) of the Phase 1 Lease, other than the requirement that the Permitted Sublease be a sublease of all of the Phase 2 Lands.</p>	<p>Section 14.3(c)</p> <p>Non-disturbance agreement (“NDA”) shall be interpreted and construed to reflect the fact that such subtenant may only be subleasing a single Component.</p> <p>Section 14.3(d), (e)</p> <p>New provision that provides that the Venue Subtenant, Hotel Subtenant, and Tenant shall enter into a mutual easement and operating agreement (the “MEOA”). The MEOA must be acceptable to the Landlord and will include a cost sharing regime with respect to the construction and ongoing costs and expenses of the Below Grade Structure. The MEOA or notice thereof may be registered on title.</p> <p>If the Landlord becomes successor in interest to one Component (but not both), the non-defaulting subtenant will continue to enjoy its existing rights of access to the Below-Grade Structure at no extra cost. Any further rights shall be negotiated between the Landlord and non-defaulting subtenant.</p>
<p>GL27.18, Appendix A – Terms and Conditions of Phase 2 Lease</p> <p>Landlord’s Condition</p>	<p>The Lease is subject to the following conditions for the benefit of the Landlord:</p> <ul style="list-style-type: none"> (i) the Tenant, by no later than the milestone date set out in Schedule 2 for the submission of the site plan application, finalizing the design of the Development to the satisfaction of the Landlord, in consultation with the Board, each acting reasonably; (ii) the Tenant, by no later than the milestone date set out in Schedule 2, submitting a site plan application for the Development satisfactory to the Chief Planner and Executive Director, City Planning 	<p>Section 19.27</p> <p>The Lease is subject to the following conditions for the mutual benefit of each of the Landlord and the Tenant:</p> <ul style="list-style-type: none"> (i) the Tenant, by no later than December 31, 2025, submitting a site plan application for the Phase 2 Hotel and the Venue, which is determined to be a complete application by Development Review, in a design satisfactory to the Landlord, as landlord under this Lease, acting reasonably; (ii) the Tenant, by no later than March 31, 2026, providing reasonable evidence to the Landlord that it has a Financing Plan in for the Phase 2 construction; and (iii) the Tenant, by no later than January 1, 2030, having obtained Notice of Approval Conditions from Development Review. <p>If the Tenant is proceeding in a commercially reasonable manner, the Landlord agrees to extend the dates from time to time, except the date in (iii). All dates are subject to Landlord Delay and Force Majeure.</p>

Appendix "C"
Revised Preliminary Conceptual Design of Development



