



Exhibition Place

24

October 17, 2011

ACTION REQUIRED

To: The Board of Governors of Exhibition Place

From: Dianne Young, Chief Executive Officer

Subject: **Lease with Toronto Centre for the Promotion of Fashion Design**

Summary:

This report recommends that the Board enter a four (4) year lease with the Toronto Centre for the Promotion of Fashion Design carrying on business as Toronto Fashion Incubator (TFI) for the entire Music Building commencing on June 15, 2012, substantially on the terms and conditions of the existing lease, except for the rent and the term. A summary of the key lease terms is set out in Appendix "A" for the information of the Board.

Recommendations:

It is recommended that the Board approve a (4) four-year lease with TFI for the entire Music Building commencing June 15, 2012, on the current terms noted below in this report which include increases in Basic Rent each year of the term.

Financial Impact:

The proposed lease includes an increase in Basic Rent each year of the four-year Term and over the Term will result in rental income to the Board of approximately \$278,500.

Decision History:

At its meeting of July 13, 2007, the Board approved a lease of one-third of the building to the TFI for a term of three (3) years, including an option to lease the remaining two-thirds of the building after the space was vacated by the Sustainable Condo display.

At its meeting of May 29, 2009, the Board approved a new Lease for the entire Music Building that commenced June 15, 2009 and expires on June 14, 2012.

The Board subsequently approved an amendment to the 2009 Lease at its meeting of July 23, 2010 that allowed TFI to sublease up to one pod under specific criteria related to the fashion industry.

As part of its Strategic Plan, the Board approved of a goal to *Integrate each of the business enterprises across Exhibition Place to stimulate local and regional economic growth and promote Exhibition Place as an international centre of business excellence.*

Issue Background:

TFI has successfully operated within one pod of the Music Building for two years and has

occupied the entire building for three years. Their tenancy has been very positive and certainly compatible with other operations and events on the grounds and both parties have negotiated a renewal of the lease.

Comments:

TFI occupied one-third of the Music Building (Pod 3) for two years until that lease was terminated and the current Lease for all three pods that expires June 14, 2012 was approved by the Board at its meeting of July 10, 2009.

TFI is a non-profit small business centre which has been dedicated to supporting fashion entrepreneurs and providing an environment where fashion entrepreneurs can learn the business of fashion through personalized consultations, networking activities, seminars and webcasts. TFI has been in operation since 1987 and 48% of its funding is provided by the City of Toronto through a grant. It is one of the most successful business incubator centres of its kind and many cities have copied the model used in Toronto.

Exhibition Place's relationship with TFI over the last five years has been very positive. It has brought many interested parties to the grounds for seminars and other events related to the fashion industry. While its use of the Music Building is as a business office, this use has been very compatible with the other events on the grounds.

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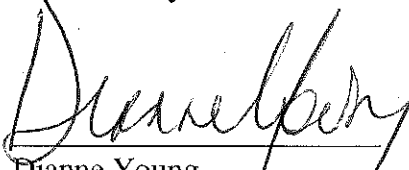
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Submitted by:


Dianne Young
Chief Executive Officer

Appendix "A"

1. Leased Property: The entire Music Building (the "Building").
2. Use: A small business centre supporting fashion entrepreneurs including offices and design studios, production studio and library resource centre and as ancillary thereto, fashion shows, sales centre, showroom, events, presentations and seminars and the filming thereof, provided that the filming is related to the Tenant's primary business.
3. Term: Four (4) years, commencing on June 15, 2012 and terminating June 14, 2016.
4. Basic Rent: Basic Rent will be paid in equal monthly installments, in advance, as set out in the report and shall be as follows:
 - (i) Rent for the year from June 15, 2012 to June 14, 2013 will be \$67,530 (rate paid during the last year of the previous term) increased by the lesser of three per cent (3%) or the increase in the Consumer Price Index for the GTA.
 - (ii) Rent for each subsequent year in the term will be increased by the lesser of three per cent (3%) or the increase in the Consumer Price Index for the GTA.
5. Additional Rent: The Lease is fully net to the Board. The Tenant pays all costs, charges, taxes, rates and levies associated with the Leased Property and its occupation of the Leased Property including, but not limited to, utilities, services, maintenance, waste removal and insurance. The Tenant will pay for all Building utility charges, maintenance and repair costs subject to paragraph 6 below.
6. Board's Repair Responsibilities: The Board will be responsible, at its sole expense, for the cost of all repairs to, maintenance of, and (when necessary) replacement of the foundations, structure, roof, heating and air-conditioning and base building systems of the Building in order that the Building is suitable for year-round use. The Board, at its sole expense, will maintain the grounds around the Building, including snow removal.
7. Tenant's Repair Responsibilities: The Tenant shall, at its sole cost, be responsible for maintaining and preserving the interior of the Leased Property and for effecting non-structural maintenance of the exterior of the Leased Property (for example, window cleaning and caulking and painting).
8. Capital/Leasehold Improvements: The Tenant shall, at its sole expense, perform all leasehold improvements, if any, required by it in the Leased Property. At the end of the Term, the Tenant may be required by the Board to remove at the Tenant's cost some or all leasehold improvements.
9. Insurance: The Board shall insure the Building at its sole cost. The Tenant shall take out and keep in full force and effect property and general liability insurance in an amount and in a form satisfactory to the City Risk Manager.
10. Closure of the Lands/Building: The Tenant acknowledges that from time to time during the Term, Exhibition Place may be totally closed to the public on a temporary basis and/or an admission fee may be charged to enter the Lands. At such times, (e.g. CNE, Honda Indy, Olympics, Pan Am Games, World Fair) special terms and conditions will apply access to the Leased Property and parking facilities by the Tenant and its patrons.
11. Restrictions/Conditions:
 - (a) All collective agreements between the Board and Labour/Trade unions must be recognized and complied with for all work at Exhibition Place;
 - (b) The Tenant acknowledges that the Board retains sole and exclusive claim to all sponsorship rights throughout Exhibition Place, including naming rights and signage, with the exception of signage to be located within the Leased Property.
 - (c) The Tenant shall not use the Leased Property for any other purpose than that specified in the Lease, nor for the following uses: a themed dinner theatre, trade and consumer

- shows and any activity related to trade and consumer shows, professional sporting events; banquet, corporate meetings, nightclub/concert venue and a casino.
12. Indemnification: The Tenant shall indemnify the Board, the City of Toronto and the Canadian National Exhibition Association against any and all claims and damages arising as a result of the Tenant's occupation and use of the Leased Property.
 13. Parking: The Board retains all rights to all parking facilities and the revenues derived therefrom. The Board will provide ten (10) parking permits to Exhibition Place for use by the Tenant's staff throughout the Term, except during the Toronto Honda Indy and the CNE. The parking permits allow the permit holder a right in common with all other permit holders to park in the parking facilities at Exhibition Place, but do not provide a reserved spot or guarantee the availability of a space in a particular location or parking lot. The parking permits will not permit access to Exhibition Place parking facilities during the Toronto Honda Indy or the CNE.
 14. Assignment: The Tenant is not permitted to assign the Lease without the prior written consent of the Board, which consent may be arbitrarily and unreasonably withheld. However, the Tenant has been granted certain rights to sublease and sublicense portions of the Leased Property. In particular, subletting is permitted provided that: (a) the subtenant is a member of the Tenant's organization; (b) the area to be sublet cannot exceed 2,781 sq. ft. of the Leased Property; and (c) the time period of any sublease must expire prior to the end of the existing Lease. The Tenant may also enter into short-term licenses (up to 5 business days in length) without the Landlord's prior consent for any uses or events, either within or outside the fashion industry, subject only to the following restrictions: (a) the licensee would not be an individual or company who would otherwise lease or license other space at Exhibition Place from the Landlord; (b) the uses would comply with the restrictions placed on new tenants within the grounds, such as prohibitions against a themed dinner theatre, trade and consumer shows and any activity related to trade and consumer shows (other than related to the Fashion Industry), professional sporting events; banquet, nightclub/concert venue and a casino; and (c) the uses would be for reasonable purposes similar to other businesses operating at Exhibition Place and would not constitute a nuisance.