



Exhibition Place

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ACTION REQUIRED

May 4, 2016

To: Business Development Committee

From: Dianne Young
Chief Executive Officer

Subject: **Muzik Clubs Lease Terms and Conditions**

Summary:

This report provides information as requested by the Board in relation to the lease agreement between the Board and Hypnotic Clubs Inc. (successor to Muzik Clubs Inc.) (the "Muzik Clubs Lease") and other leases for the grounds. If the Board recommends amendments to the substantive terms of any of the leases, the agreement of any affected tenant will be needed, as well as approval of City Council for leases with terms that are longer than four (4) years. Revisions to the "use" clauses in any lease would be considered a substantive term and would have been part of the terms in the Letter of Intent for the Muzik Clubs Lease approved by City Council.

Recommendations:

It is recommended that the Business Development Committee recommend to the Board to:

- 1) Direct Exhibition Place staff to negotiate with Muzik Clubs with a view to reaching an agreement to allow Muzik Clubs to operate during the CNE Period generally on the same terms and conditions agreed to by the Board and Hypnotic Clubs Inc. in 2014 as set out in Appendix "C" and to report back to the Board on the outcome of such negotiations and for approval of such an agreement, if any, at its meeting no later than January 2016; and**
- 2) Direct Exhibition Place staff to deliver a notice to Hypnotic Clubs Inc. to desist from marketing its premises for events which do not comply with the use provisions of the Muzik Clubs Lease.**

Financial Impact:

There are no financial consequences to this report.

Decision History:

The Exhibition Place 2014 to 2016 Strategic Plan had a Financial Goal to *seek additional revenue opportunities* and as a strategy to support this Goal *we will seek new and / or expand revenue opportunities within our existing operations and increase revenues from tenants / naming partnerships / third parties.*

At its meeting of September 4, 2015, the Board adopted Motion MM (e) requesting staff to report on the ability for the Board to prohibit Muzik Clubs ("Muzik") from using its leased premises for the OVO Fest after party or similar events in future years and to examine other permitted uses currently allowed (or not allowed) under the Muzik Clubs Lease. A number of other questions respecting the Muzik Clubs Lease also arose at the Board meeting, in particular with respect to the closure of Muzik during the 2015 CNE.

Issue Background:

This report addresses the issues of principal use/ancillary use/ exclusive use/prohibited use set out in the Muzik Clubs Lease and the relationship of these provisions to other leases on the grounds and also addresses the Muzik Clubs Lease provisions respecting the closure of Muzik Clubs during the CNE period.

At its meeting of February 12, 2016, the Board adopted a motion referring Report No. 20 dated October 9, 2015 entitled "Muzik Clubs Lease Terms and Conditions" to a special meeting of the Business Development Committee, with an invitation to all Board members, followed by consideration of the report and the recommendations of the Business Development Committee at a special meeting of the Board.

Comments:

Closure during the 2015 CNE Period

At its meeting of September 4, 2015, during deputations, a representative for Muzik alleged that Exhibition Place staff had threatened him with respect to closure during the period of the CNE. It is unclear as to what threat the deputant was referring to, however attached as Appendices "A" and "B" is all correspondence relating to the operation of Muzik Clubs during the 2015 CNE. The deputant may have been referring to the notice set out in the February 26, 2015 correspondence from Exhibition Place staff, attached as Appendix "B", advising Muzik that it could not operate during the 2015 CNE. This notice was sent to Muzik in accordance with the terms of the Muzik Clubs Lease, section 16.2(2), which provides that the Board "shall have the right during the CNE to close the Lands, and to interfere with, interrupt or prevent access to the Building." The circumstances leading up to sending the letter are as follows:

- Since its opening in 2004, the CNEA and the Board have worked cooperatively with Muzik to allow for the night club to operate within the Muzik building during the CNE without any formal agreement which is exactly the same as the CNE does for other tenants on the grounds (Liberty Grand, Medieval Times) whose operations were inside building premises and had little impact on the outdoor programming of the CNE.
- In 2013, Muzik Clubs built its patio and wanted to program the patio throughout the CNE period. Because the patio is next to an important CNE program area (Bandshell Stage), the CNEA (now an independent 3rd party licensee of the Board) requested an operating agreement and the parties (CNEA, Muzik, and Board) executed an agreement.
- The CNEA concerns grew in 2014 when the Muzik patio expanded, increasing the patio capacity to 5654 patrons at any one time and substantially increasing its sound equipment capacity. Again, to meet the CNEA concerns, the Board approved an agreement and the parties executed the 2014 CNE Operating Agreement.
- In 2014, the CNEA gave notice to the Board that the Master Agreement between the Board and the CNEA did not allow Muzik to open for business during the CNE period. The Board disputed this interpretation of the Master Agreement and the CNEA invoked the arbitration clause of the Master Agreement. The arbitration hearing took place in late January 2015 with a decision rendered on April 1, 2015.
- Until the arbitration decision was rendered, the Board was in an uncertain situation. The arbitrator might have ruled that the Master Agreement between the Board and the CNEA did not allow Muzik to open during the 2015 CNE period. Since Muzik was not a party to the arbitration, the only way the Board would be able to comply with such a ruling would be to exercise its rights under the Muzik Clubs Lease to prevent Muzik from operating during the CNE. The Lease requires six months' prior written notice in order to invoke the closure provision, so pending the outcome of the arbitration; notice was given to Muzik, to preserve the Board's legal position, caught as it was in the middle between the competing positions of the CNEA and Muzik. So, by way of the letter dated February 26, 2015, we advised Muzik that it would not be permitted to operate during the 2015 CNE. The letter also indicated that

the notice of closure would be revoked depending on (1) the outcome of the CNEA arbitration; and (2) the parties working out agreeable operating and security protocols as in the past (i.e. similar to those agreed to and executed in 2014 as attached as Appendix C).

- Following the arbitration award issued on April 1, 2015 which held in favour of the Board, Exhibition Place staff approached Muzik to update the 2014 CNE Operating Agreement so that the notice of closure could be revoked. When no agreement had been reached through staff, the Exhibition Place Chief Executive Officer initiated written correspondence to Muzik's solicitor, Mr. Binetti, on May 20, 2015 which continued to August 27, 2015 (see Appendix "A") to negotiate an update to the 2014 CNE Operating Agreement / security protocol to reflect 2015 circumstances. In the end, no agreement was executed and Muzik decided not to open during the 2015 CNE.

Exhibition Place staff believe that the 2014 CNE Operating Agreement was very positive as it set out the rights of both Muzik and the CNE and allowed each to operate without conflicts and to the benefit of their respective attendees. There were no major conflicts during the 2014 CNE and therefore, Exhibition Place staff are recommending that an agreement on the same terms and conditions be entered between the Board and Hypnotic Clubs Inc. for a term of one to four years commencing in 2016.

Principal/ Ancillary Uses/ Exclusive Uses of Leasehold Interests

A significant provision of all Exhibition Place leases are clauses setting out the principal / ancillary uses granted to the tenant. In addition, most leases include clauses setting out specific areas of business that cannot be carried on by the tenant. Finally, some leases also include exclusive uses granted only to one specific tenant on a lease-by-lease basis. Exclusive uses are not uncommon in commercial settings where a mix of tenant uses is desirable and exclusivity is necessary in order to attract certain tenants.

As noted in Appendix "D", the principal use in the Muzik Clubs Lease is activities related to typical nightclub and live performance venue which provide both recorded and live music for dancing and entertainment and serve food and beverages, including alcoholic beverages. Ancillary uses include hosting special events, televised sporting events, radio and internet broadcasting and product launches which specifically relate to the products and services used in a night club, concert hall and live performance businesses. The OVO after party fits clearly within the principal use clause for the Muzik Clubs Lease and therefore, the Board has no ability to ban this event.

With respect to exclusive uses, generally, Exhibition Place staff are reluctant to provide these rights to tenants because it limits the future rights of the Board. Conversely, tenants seek to have exclusive rights across the grounds for the term of their lease to limit their competition. Accordingly, such exclusive use clauses have, in every lease across the site, been the subject of intense negotiations and eventually mutually agreed to by both parties and are always included in the Letter of Intent that is approved by the Board and City Council and which sets out the principal terms of the proposed lease.

Exclusive uses are negotiated with a tenant in the context of the overall business terms including the length of the term, the level of capital investment by the tenant and the base rent, as well as landlord considerations such as the impact to our business model and future leasing opportunities at Exhibition Place. Attached as Appendix "D" to this report are the list of all commercial leases on the grounds and the use clauses within those leases. Any exclusive uses granted to a tenant will of necessity limit any rights that can be granted to a new tenant. Once granted, the Board has a legal obligation to enforce an exclusive use provision against all other tenants.

An example of how the exclusive use provisions have evolved is the one granted to the first tenant on site (Medieval Times) in 1993 for the exclusive right to be the only operator of a themed dinner theatre on the grounds. When the Board first issued a request for proposal for a long-term tenancy of the Ontario Government Building, it received a proposal for a Cuban dinner theatre experience. The Board approached Medieval Times to request it waive its rights to exclusive use; however Medieval Times declined for business reasons and the proposal was rejected.

In 2004, the Board granted Muzik an exclusive use right for “a permanent indoor live performance venue/nightclub which operates as a permanent liquor licensed venue solely for the purpose of providing live and recorded musical entertainment for standing crowd capacities of greater than 500 persons but less than 2,999 persons.” The Board has enforced this right against all other tenants that have entered lease agreements since 2004. Recently, the Queen Elizabeth Theatre tenant approached Exhibition Place with a proposal to remove some of its fixed seating in the theatre to allow for standing room crowds similar to venues of its Toronto competitors. The Queen Elizabeth Theatre tenant would only be allowed to use the newly configured space for live performances and not taped music. However, the standing capacity projected by the Queen Elizabeth Theatre tenant was over 500 persons and this would conflict with the Muzik exclusive use clause and therefore, Exhibition Place staff advised the QE tenant that Muzik would have to approve and waive its rights in order to permit the renovation of the Queen Elizabeth Theatre as proposed.

Prohibited Uses

Every lease at Exhibition Place contains clauses which limit the rights of the tenants to carry on certain businesses. One of the key ones for the Board is to protect its core business which revenues generally allow Exhibition Place to be revenue neutral for the Toronto tax base. Our core business is trade and consumer show events which produces annual rental revenues of \$12.0M compared to tenanted rents totaling \$2.0M annually. It would not be in the best interests of the Board to jeopardize this major revenue source in any way.

The other key limitation in all leases is a prohibition on use of tenanted properties for a casino which is a limitation in keeping with the direction taken by City Council.

Other than these two core limitations, each lease contains limitations based on various factors:

- limitations stipulated in the original offer to the public
- uses proposed by the successful respondent to a particular request for proposal
- negotiated terms approved by the Board and City Council
- any exclusive use clauses of other tenants / contractors
- rents negotiated could be tied to the limitations imposed

With respect to the Muzik Clubs Lease, a public request for proposals was issued and Muzik responded to the RFP with a proposal for a year-round entertainment venue for concert performance and a nightclub which would have activities scheduled in the evening with an emphasis on weekends. The concept as proposed would be similar to existing venues such as the Docks, Phoenix, Concert Hall, Government and Cool House. Negotiations of the terms and conditions of the lease included a prohibition on use of the leased premises for banquets as this was the principal use of Liberty Grand and the Fountain Dining Room. These terms were subsequently approved by the Board and City Council and the rent bid accepted by the Board was also based on its primary business nightclub type events.

Despite the provisions in the Muzik Lease prohibiting banquets and trade and consumer shows as a permitted use (see Appendix D), Muzik in 2006/ 2007 started to book these activities. This was reported to the Board and following unsuccessful negotiations with Muzik, a court interpretation of the Muzik Clubs Lease was sought and the court ruled in favour of the Board.

Specifically, the court stated that “corporate sponsored, sit down dinner for a large number of people, with a catered menu and table service, that is organized to celebrate for example a company milestone, or a holiday, or someone’s retirement, is a banquet”. However, the court also went on to state that “I am not deciding whether these events would still qualify as banquets if any of the indicia noted above was absent – for example, if there were food stations and no table service, or if the event was a lunch or a breakfast.”

Exhibition Place staff have generally taken a narrow view of the definition of “banquets” to mean a sit down dinner for a large number of people, with a catered menu and table service. Any other corporate event would not fall within the scope of the prohibited use and can be booked by Muzik as of right. Furthermore, if a client specifically wants to have its “banquet” event at Muzik, Muzik typically requests permission of Exhibition Place and in all such cases permission has been granted. The decision is made by Exhibition Place staff after due consideration as to the nature of the proposed event and whether it might be held more appropriately at another venue on the grounds.

Recent electronic advertisement by Muzik seems to be again contemplating a breach of the Muzik Clubs Lease and the court decision (see Appendix “E”). Perhaps Muzik assumes that the Board will in all instances approve of any “sit down dinners” as the Board has done this in the past, so pursuing this market is now an opportunity open to Muzik. However, it is contrary to the intent of the “use” provisions of the Muzik Clubs Lease and it is very difficult to continue to do on a “one-off” basis by staff. Accordingly, in consultation with City Legal, Exhibition Place staff would recommend to the Board that as the landlord it should enforce the existing terms of the lease, so that neither this tenant nor others tenants on the grounds develop the view that they are not bound to honour the terms of their lease agreements with the Board.

Also attached as Appendix “F” are communications received related to Muzik Clubs Inc. and this report.

Contact:

Dianne Young
Chief Executive Officer
Tel: 416-263-3611
Fax: 416-263-3040
Email: dyoung@explace.on.ca

Appendix "A"
2015 CNE Period Operating Agreement Correspondence

From: Dianne Young
 Sent: Thursday, August 27, 2015 8:56 AM
 To: Michael Binetti (mbinetti@agmlawyers.com)
 Cc: Francesca Colussi; Arlene Campbell; bcappell@toronto.ca; francis.bergen@torontopolice.on.ca; Dianne Young
 Subject: RE: Muzik Opening During the 2015 CNE
 Hi Michael
 I have heard from TPS that your client intends to open the Club on September 12 2015 and am assuming then that Muzik does not intend to open during the CNE Period.
 Can you confirm this for me?
 Could you also provide a copy of the new Liquor Licence for the Premises.
 Thank you for the insurance certificate which I have sent to our Risk Manager.
 Regards
 Dianne
 Dianne Young | Chief Executive Officer

From: Dianne Young
 Sent: Monday, August 24, 2015 2:35 PM
 To: Michael Binetti (mbinetti@agmlawyers.com)
 Cc: Francesca Colussi; Arlene Campbell; bcappell@toronto.ca; Dianne Young; francis.bergen@torontopolice.on.ca
 Subject: Muzik Opening During the 2015 CNE
 Dear Michael
 Just wanted to do a follow-up email to you from Friday given we had no final confirmation from you about w/end opening / non-opening of Muzik but in fact Muzik did not open.
 Again, Exhibition Place is willing to work with you and your client this week on opening during the 2015 CNE if there is a desire to do this.
 From our understanding what is outstanding is as follows:

1. Security Protocol – as indicated, we think updating the 2014 protocol would be what is needed along with adding reference to the executed Liquor Licence conditions
2. Insurance – Barb Cappell sent you the comments from the City Risk Manager on some language that needs to be added to reflect the lease provisions in the Muzik insurance certificate
3. 2015 CNE Operating Agreement – I sent you a revised draft on Friday which included a commitment by EP to providing parking & then putting back in the noise provisions
4. Parking Lot Availability – EP has committed to providing paid duty in the lots so that CNEA will keep them open for use by Muzik. However, to order paid duty from TPS it looks like generally EP will need 48-hours to get paid duty assigned

Thank you again Michael for your constant work on this matter last week and if we can assist to move this along, just let me know.
 Regards
 Dianne
 Dianne Young | Chief Executive Officer

From: Dianne Young
 Sent: Friday, August 21, 2015 3:40 PM
 To: 'Michael Binetti'
 Cc: Dianne Young; bcappell@toronto.ca
 Subject: Muzik agreement re CNE
 Michael
 I amended this again based on premise that we commit to opening the Parking Lots as in previous years & therefore put back in the amended noise clause
 Dianne
 Dianne Young | Chief Executive Officer

From: Michael Binetti [<mailto:mbinetti@agmlawyers.com>]

Sent: Wednesday, August 19, 2015 3:31 PM

To: Dianne Young

Subject: Muzik agreement re CNE

Without Prejudice

Dianne,

Attached are the black-lined and clean versions of what is our last proposal for an agreement. As discussed, where there is no agreement on parking, there can be no agreement on noise. You mentioned potentially getting an agreement from the CNEA on access to parking, which may facilitate an agreement on noise. Until then, both clauses have to come out in our opinion. We will be governed by the friendly agreement as discussed on the phone, which as you mentioned worked perfectly fine in years past.

I will send the Security Plan in another email.

Michael

From: Michael Binetti [<mailto:mbinetti@agmlawyers.com>]

Sent: August-18-15 4:28 PM

To: Fatima Scagnol

Subject: Muzik Protocol re CNE

Ms Scagnol,

We are the lawyers for Muzik Clubs Inc. Our client hereby requests an urgent Board of Governors meeting to discuss a protocol with respect to the CNE. The breadth of additional requests being made for this year's CNEA protocol are such that our client requests the opportunity to address its concerns directly to the Board of Governors on an urgent basis. For example, no assistance is being offered with respect to parking of Muzik patrons during the CNE. The only logical inference to be drawn is that patrons would park off site in the surrounding community. Moreover, additional music restrictions are being sought as well as the involvement of third party organizations in security protocol discussions. Our client is in fact willing to agree to some of the requests, but when the requests are considered at large, our client needs to have its concerns heard by the Board of Governors.

A purported notice of closure during the CNE was delivered to our client on February 26, 2015. It was silent as to whether it was authorized (or needed to be) by the Board of Governors. In any event, contrary to the Lease with Muzik, the purported notice of closure was delivered late as it was to have been delivered not less than six months before the proposed closure. Leaving that issue aside for the moment, our client would like to make submissions to the Board of Governors with a view to concluding a fair and balanced CNE protocol at the Board's earliest convenience.

Sincerely,

Michael Binetti

From: Dianne Young

Sent: Monday, August 17, 2015 6:20 PM

To: 'Michael Binetti'

Cc: bcappell@toronto.ca; Dianne Young

Subject: Muzik - security measures

Michael

As we discussed.

EP will not be able to execute any Agreement until we have received Muzik's full written 2015 Security Plan - I am not taking issue with your email per se but I cannot indicate to you that your direction would be acceptable to EP as until we receive the actual Security Plan I am in no position to comment or approve.

Regards

Dianne

Dianne Young | Chief Executive Officer

From: Dianne Young

Sent: Monday, August 17, 2015 6:13 PM

To: 'Michael Binetti'

Cc: bcappell@toronto.ca; Dianne Young

Subject: RE: Muzik 2015 Consent Agreement One Year Only BL to 2014 AGM ver 2015-08-17

Michael

I am reviewing with Barb Cappell, City Legal and EP staff and we hope to have our changes (either from me or from Barb) back to you tomorrow, Aug 18 2015

Dianne

Dianne Young | Chief Executive Officer

From: Michael Binetti [<mailto:mbinetti@agmlawyers.com>]

Sent: Monday, August 17, 2015 1:16 PM

To: Dianne Young

Subject: Muzik - security measures

Dianne,

As discussed, and until we can get the following incorporated into a CNE-specific document, we are working on the premise that last year's security plan will be reactivated along with:

-security sweeps prior to opening

-to the extent possible, some camera coverage for next weekend at entrances and exits -posting signs (be considerate of community; premises being monitored, no gangs) -log books for security sweeps and cameras

-(temporary) lighting at entry points

-security personnel readily identifiable -for all types of event until agreement on security to be applied to different types of event, everyone to pass through walk-through metal detector and physical searches -searching of deliveries -walk-through metal detectors and wandering of patrons -continued security patrols of perimeter

As the above is satisfactory to the AGCO and in turn the Toronto Police Service for paid duty officers to be provided, we trust they are satisfactory to you as well. In fairness to the others, these are interim measures that require finalization and final approval by the AGCO and TPS.

Please let me know your expected availability to finalize matters.

Michael Binetti

Affleck Greene McMurtry LLP

From: Dianne Young

Sent: Monday, August 17, 2015 6:14 PM

To: 'Michael Binetti'

Cc: bcappell@toronto.ca; Dianne Young

Subject: RE: Muzik 2015 Consent Agreement One Year Only BL to 2014 AGM ver 2015-08-17

Michael

We will address this entire issue in the revised document EP sends tomorrow

Dianne

Dianne Young | Chief Executive Officer |

From: Michael Binetti [<mailto:mbinetti@agmlawyers.com>]

Sent: Monday, August 17, 2015 11:42 AM

To: Dianne Young

Subject: RE: Muzik 2015 Consent Agreement One Year Only BL to 2014 AGM ver 2015-08-17

Dianne,

If we need to clarify the parking comment, it is that parking for Muzik patrons should be in Lots 5 and 6.

Michael

From: Michael Binetti [<mailto:mbinetti@agmlawyers.com>]

Sent: Monday, August 17, 2015 11:16 AM

To: Dianne Young

Subject: Muzik 2015 Consent Agreement One Year Only BL to 2014 AGM ver 2015-08-17

Without Prejudice

Dianne,

As discussed just now, our proposed revisions and comments to the agreement are attached.

I will send in another email either a revised security plan, or as discussed, the additional measures that Muzik is taking further to our meeting with the AGCO, the Toronto Police Service and the Ontario Provincial Police. It may just be that we use the same security plan from 2014 with the additional measures read-in to that plan in the interim.

Please call or write if you have any questions.

Michael

Michael I. Binetti

mbinetti@agmlawyers.com

From: Michael Binetti [<mailto:mbinetti@agmlawyers.com>]

Sent: Saturday, August 15, 2015 5:15 PM

To: Dianne Young

Subject: Re: CNE Operating Agreement for 2015 CNE which event Aug 21 2015

Dianne,

Are you free to discuss this over the weekend? Sorry for the weekend ask.

Otherwise, Monday morning?

Michael Binetti

Affleck Greene McMurtry LLP

From: Dianne Young

Sent: Tuesday, August 11, 2015 5:34 PM

To: 'Michael Binetti'

Cc: Martin Kenneally; Dianne Young

Subject: CNE Operating Agreement for 2015 CNE which event Aug 21 2015

Thanks Michael - EP staff have not heard anything from Zlatko by email or otherwise. Martin is now back from holidays and we can contact Zlatko if you think that would be helpful or just leave with you?

Mark Grimes is trying to get a meeting next week with TPS.

Again, give me a call if you want to discuss options.

Dianne

Dianne Young | Chief Executive Officer

From: Michael Binetti [<mailto:mbinetti@agmlawyers.com>]

Sent: Tuesday, August 11, 2015 5:12 PM

To: Dianne Young

Cc: Dianne Young; Martin Kenneally

Subject: Re: CNE Operating Agreement for 2015 CNE which event Aug 21 2015

I will seek instructions, although from two messages ago, I wasn't under the impression that we were getting back to you at this time.

Michael Binetti

Affleck Greene McMurtry LLP

From: Dianne Young

Sent: Tuesday, August 11, 2015 5:08 PM

To: Michael Binetti

Cc: Dianne Young; Martin Kenneally

Subject: CNE Operating Agreement for 2015 CNE which event Aug 21 2015

Dear Michael

Thought I better send an update to you on this matter and to my email from last week given I have not heard from you or from your client.

Exhibition Place has not had a chance yet to consult with the TPS on outstanding security issues for Muzik Clubs although Mark Grimes, Chair of the Board is working on setting up this meeting.

I know that your client was closed this past weekend and he is not showing any events happening at the venue on his website for the rest of August nor has he communicated with Exhibition Place staff any direction that he is thinking on taking.

Also, with the announcement from TPS that it will not be supplying paid duty

police to the venue in the near future or at least until after its review, it may be very difficult to develop a security plan acceptable for the CNE Period as in 2013 and 2014, paid duty security were an essential part of that plan.

Again, the Board is willing to work with you and your client and wondering if you have any information or directions from your client on possible next steps?

Regards

Dianne

Dianne Young | Chief Executive Officer

From: Dianne Young

Sent: Tuesday, August 04, 2015 4:25 PM

To: Michael Binetti (mbinetti@agmlawyers.com)

Cc: Dianne Young

Subject: CNE Operating Agreement

Dear Michael

I know it has been a very stressful day for your client and don't want to burden you with this matter. However, given the incident this morning, executing the proposed agreement at this time will now require more discussion on my part with my Board members, Toronto Police and the CNEA. I know that this will not be your client's priority right now so we can discuss in the next few days.

Regards

Dianne

Dianne Young | Chief Executive Officer

From: Dianne Young

Sent: Friday, July 31, 2015 4:39 PM

To: Michael Binetti (mbinetti@agmlawyers.com)

Cc: Martin Kenneally; Dianne Young

Subject: CNE Operating Agreement

Michael

Was talking to staff about definitive time for no amplified music on patio stated strictly in agreement rather than general wording – if we were going to agree to a definitive time then EP staff have indicated we would want 730 to 10 pm - while the CNE Concert schedule shows the start at 730 they often start late & then have encores – however Zlatko would actually know when the concert wrapped up if early and the caveat would be that if it stops early then patio music could start

Thanks

Dianne

Dianne Young | Chief Executive

From: Dianne Young

Sent: Monday, July 27, 2015 2:12 PM

To: 'Michael Binetti'

Cc: Dianne Young; Martin Kenneally

Subject: RE: 2015 CNE Event Operating & Security Protocols

Michael

Fantastic - that is good news.

Thanks again especially doing this on your vacation.

Look forward to your additions & we will look at this immediately and hopefully get execution copies out to your client this week.

Regards

Dianne

Dianne Young | Chief Executive

From: Michael Binetti [<mailto:mbinetti@agmlawyers.com>]

Sent: Monday, July 27, 2015 1:20 PM

To: Dianne Young

Subject: RE: 2015 CNE Event Operating & Security Protocols

We have high-level buy-in on my end. I'll write to you overnight.

From: Michael Binetti [<mailto:mbinetti@agmlawyers.com>]
Sent: Friday, July 24, 2015 10:03 AM
To: Dianne Young
Cc: Dianne Young; Martin Kenneally
Subject: Re: 2015 CNE Event Operating & Security Protocols
I am seeking instructions.
Michael Binetti
Affleck Greene McMurtry LLP

From: Dianne Young
Sent: Friday, July 24, 2015 9:56 AM
To: Michael Binetti
Cc: Dianne Young; Martin Kenneally
Subject: 2015 CNE Event Operating & Security Protocols
Hi Michael

I apologize for my frequent emails but I know your client will be getting very busy as Caribana weekend nears on the holiday w/end in August so I think our window of opportunity to sign this agreement is the beginning of next week because immediately following Caribana on Aug 4th is the move-in of the CNE and EP needs to inform the CNEA if Muzik will be closed as per our notice to Muzik or open and on what dates and times.

Do you think it would be possible to feed back to me any issues you have on the agreement so I can address.

Thank you again.

Regards

Dianne

Dianne Young | Chief Executive

Sent: Tuesday, July 21, 2015 11:19 AM
To: Dianne Young
Subject: RE: 2015 CNE Event Operating & Security Protocols
It is. Sorry. Didn't show up on BlackBerry as such.

From: Dianne Young [<mailto:DYoung@Explace.on.ca>]
Sent: Tuesday, July 21, 2015 11:01 AM
To: Michael Binetti
Cc: Martin Kenneally
Subject: RE: 2015 CNE Event Operating & Security Protocols
Hi Michael
This is blacklined - is it not appearing like that - do you want me to PDF it?
Dianne
Dianne Young | Chief Executive Officer

From: Michael Binetti [<mailto:mbinetti@agmlawyers.com>]
Sent: Tuesday, July 21, 2015 10:44 AM
To: Dianne Young
Cc: Martin Kenneally; Dianne Young
Subject: Re: 2015 CNE Event Operating & Security Protocols
Can I have a black-lined version. Thanks.
Michael Binetti
Affleck Greene McMurtry LLP

From: Dianne Young
Sent: Tuesday, July 21, 2015 10:39 AM
To: Michael Binetti
Cc: Martin Kenneally; Dianne Young

Subject: 2015 CNE Event Operating & Security Protocols

Hi Michael

While I know you said below that you could look at the 4 year agreement and change to a one year, I thought it may be easier and expedite matters if I just redo the agreement to one year - less words, less blacklining. Given the outstanding notice of closure, our aim would be to get this executed and security protocol in place prior to August 1st so we can both agree on the parameters of the Muzik opening during the CNE Period and also address any issues with the CNEA.

Accordingly, here is the one year agreement for review by you and your client.

Again, changes are generally in the nature of clarity and formatting.

Regards

Dianne

Dianne Young | Chief Executive Officer

From: Michael Binetti [<mailto:mbinetti@agmlawyers.com>]

Sent: Tuesday, July 21, 2015 9:04 AM

To: Dianne Young; Dianne Young

Cc: Martin Kenneally

Subject: Re: 2015 CNE Event Operating & Security Protocols

I don't have instructions for a four year deal. As you rightly point out, there is just not enough time between now and the Board meeting. I made that point in my previous email and we cannot rush a four year agreement in such a short time.

We have your proposed revisions and we'll get back to you on them.

Michael Binetti

Affleck Greene McMurtry LLP

From: Dianne Young

Sent: Tuesday, July 21, 2015 9:00 AM

To: Michael Binetti; Dianne Young

Cc: Martin Kenneally

Subject: 2015 CNE Event Operating & Security Protocols

Hi Michael

Wondering if you have any further particulars of changes you want to see to the agreement?

If your client definitely wants only a one year agreement, I can easily make those revisions.

We are running out of time to make the Board agenda for a 4 year agreement so your early direction on this is appreciated.

Regards

Dianne

Dianne Young | Chief Executive Officer

From: Dianne Young

Sent: Friday, July 17, 2015 4:17 PM

To: 'Michael Binetti'

Cc: Francesca Colussi; Martin Kenneally; Dianne Young

Subject: RE: 2015 CNE Event Operating & Security Protocols

Dear Michael

Thank you for your email.

Can we discuss what parts of the 2015 draft you believe add more restrictions. I thought that EP had actually removed some restrictions and we also are suggesting a 4 year agreement rather than a one year agreement. However, we would be pleased to address any concerns you have if you can provide details.

The other venues at Exhibition Place mentioned in your email below do not enter into a separate operating agreement for the CNE period and the difference is the outdoor nature of the Muzik venue which could impact the CNE outdoor activity. Your client can advise you that before 2014 and the

opening / major renovation of the patio for Muzik, there was also no formal operating agreement with Muzik.

Look forward to speaking with you next week and we certainly can make ourselves available to meet your schedule.

Regards

Dianne

Dianne Young | Chief Executive Officer

From: Michael Binetti [<mailto:mbinetti@agmlawyers.com>]

Sent: Friday, July 17, 2015 3:45 PM

To: Dianne Young

Cc: Francesca Colussi; Martin Kenneally; Michael Binetti

Subject: RE: 2015 CNE Event Operating & Security Protocols

Ms Young,

Thank you for writing. Muzik is prepared to work cooperatively with Exhibition Place and the Board of Governors as it has in the past. There are some preliminary issues to discuss at this point; I am sure that there will be others.

The agreement proposed in your email of Tuesday, July 14th causes us some concerns. As you know, the CNEA brought an arbitration to decide whether it had the power under its Master Agreement to require Exhibition Place to in turn require Muzik to cease operations during the CNE. The CNEA was not successful. Moreover, the Lease between Exhibition Place and my client does not permit the CNEA to exercise (directly or indirectly) the clause in question. On February 26, 2015, you wrote: "If, as we hope, Exhibition Place is successful on the arbitration, we plan to revoke this notice and allow Muzik to operate during the 2015 CNE, subject to working out mutually agreeable operating and security protocols as in the past."

Given Exhibition Place's success in the arbitration, we are puzzled as to why additional and more restrictive terms are being proposed for the 2015 CNE period than was the case for the 2014 CNE period (if Exhibition Place was in fact, seeking to work out a mutually agreeable protocol as in the past.) Before agreeing to any restrictions or a protocol specific to Muzik, and out of a sense of fairness to my client, would you please provide us with the details of the protocols that Exhibition Place is negotiating or has concluded with its other tenants for the CNE period (e.g., Liberty Grand, BMO Field, Medieval Times, etc.).

As to a multi-year agreement, because the first time we saw a draft multi-year agreement was on Tuesday, July 14th, there is simply not enough time to be able to give that the required amount of consideration at this time.

We look forward to receiving the above information.

Sincerely,

Michael Binetti

From: Michael Binetti [<mailto:mbinetti@agmlawyers.com>]

Sent: Thursday, July 16, 2015 5:39 PM

To: Dianne Young

Cc: Dianne Young

Subject: Re: 2015 CNE Event Operating & Security Protocols

I'm working on a letter to you, but we won't be able to agree to a four-year just yet. I wouldn't stay late for that. That may change but it seems headed that way.

Michael Binetti

Affleck Greene McMurtry LLP

From: Dianne Young
 Sent: Thursday, July 16, 2015 5:34 PM
 To: Michael Binetti
 Cc: Dianne Young
 Subject: RE: 2015 CNE Event Operating & Security Protocols
 Hi Michael

Wonder if you have had a chance to speak to your client about this and have any initial reaction. Thought I would be optimistic and will draft a Report to the BOG for approval at its meeting of July 31st with agenda closing on July 24th and then I can just drop in the final agreement terms once settled? Need BOG approval for 4 year agreement.

Regards

Dianne

Dianne Young | Chief Executive

From: Dianne Young
 Sent: Wednesday, July 15, 2015 10:54 AM
 To: 'Michael Binetti'
 Cc: Dianne Young
 Subject: RE: 2015 CNE Event Operating & Security Protocols
 Thanks Michael - again, made minimal changes to the one executed last year so hoping this is not controversial.
 Dianne Young | Chief Executive Officer

From: Michael Binetti [<mailto:mbinetti@agmlawyers.com>]
 Sent: Wednesday, July 15, 2015 10:21 AM
 To: Dianne Young
 Subject: Re: 2015 CNE Event Operating & Security Protocols
 Dianne,
 I got your voicemail (not at my desk right this minute). I have sought instructions from my client. Once I get instructions, I'll call or write. We're on it.
 Michael Binetti
 Affleck Greene McMurtry LLP

From: Dianne Young
 Sent: Tuesday, July 14, 2015 4:34 PM
 To: Michael Binetti
 Cc: Francesca Colussi; Martin Kenneally; Dianne Young
 Subject: RE: 2015 CNE Event Operating & Security Protocols
 Michael
 Sorry - previous email should read that Exhibition Place staff and your client have been unable to meet due to busy schedules and that is why I am requesting some assistance if you can provide.
 Please let me know.
 Thanks
 Dianne
 Dianne Young | Chief Executive Officer

From: Dianne Young
 Sent: Tuesday, July 14, 2015 3:06 PM
 To: Michael Binetti (mbinetti@agmlawyers.com)
 Cc: Francesca Colussi; Martin Kenneally; Dianne Young
 Subject: 2015 CNE Event Operating & Security Protocols
 Importance: High
 Dear Michael
 Wondering if you could assist. As noted in my emails below, notice had been given to your client for closure during the 2015 CNE subject to allowing full opening on execution of a 2015 CNE Operating agreement.
 EP staff and your client have been able to confirm a time to meet on the 2015

CNE Operating agreement. Therefore I have taken the 2014 Operating Agreement and updated it for 2015. I have also proposed in this agreement renewals for 3 additional years. However, this 4 year agreement needs approval of the Board and therefore, to meet the Board agenda closing, the parties must conclude the terms prior to July 22, 2015.

Would you please let me know if you can assist with these matters with Muzik or if I should be addressing this issue directly with your client, Muzik.

Thank you in advance for your reply.

Regards

Dianne

Dianne Young | Chief Executive Officer

From: Dianne Young

Sent: Thursday, May 28, 2015 7:35 PM

To: Michael Binetti (mbinetti@agmlawyers.com<<mailto:mbinetti@agmlawyers.com>>)

Cc: Arlene Campbell; Dianne Young

Subject: FW: 2015 CNE Event Operating & Security Protocols

Dear Michael

While I have not received a reply from you to my email below, I did want to send this follow up especially because I will be away from the office from May 31 to June 16 inclusive.

I understand that your client has approached Ms. Francesca Colussi, Director at EP to discuss CNEA security protocols and I think Ms. Colussi is in the process of setting up meetings with your client. This is a very positive direction. It is especially important to move forward on this given the position you indicated to me in your email relating to Repairs to the Greek Gods and your clients intent to remain open every day in August.

If in my absence you or your client have any issues with the direction stated below or the discussions between your client and EP staff, would you please contact Arlene Campbell, GM, EP directly with any concerns.

Thank you.

Regards

Dianne

Dianne Young | Chief Executive Officer

From: Dianne Young

Sent: Wednesday, May 20, 2015 9:32 AM

To: Michael Binetti (mbinetti@agmlawyers.com<<mailto:mbinetti@agmlawyers.com>>)

Cc: Dianne Young; Arlene Campbell

Subject: 2015 CNE Event Operating & Security Protocols

Dear Michael

As you are aware, the attached letter / notice of closure for the period during the 2015 CNE event was sent to your client in February 2015 pursuant to the provisions of the Muzik lease. In the letter we stated the following: "If, as we hope, Exhibition Place is successful on the arbitration, we plan to revoke this notice and allow Muzik to operate during the 2015 CNE, subject to working out mutually agreeable operating and security protocols as in the past."

Since the finalization of the CNEA arbitration and the award in favour of the Board, Exhibition Place staff have been in contact with your client in order to work out "mutually agreeable operating and security protocols" for the 2015 CNE event. However, your client has expressed his unwillingness to enter into any discussions with Exhibition Place staff without legal counsel. What we are proposing to your client is to enter into the same agreement relating to operations during the 2015 CNE event that were entered in 2013 and 2014. I have attached a copy of that agreement for your information. As you will note, there are operating conditions in the 2014 agreement specific to that year that would have to be updated by the parties. However, Exhibition Place believes the basic terms of the agreement are satisfactory and we were suggesting to your client that we could enter into a similar agreement with a term of 4 years that would have specific operating schedules that could change on an annual basis.

Could you please address this issue with your client as time to complete this agreement is becoming urgent and as noted from the Feb letter, opening for the CNE period is subject to getting this completed.

Thanks again. Regards

Dianne

Dianne Young | Chief Executive



DELIVERED & BY E-MAIL

February 26, 2015

Appendix B

Muzik Clubs Inc.
326 Raymerville Drive
Markham ON
L3P 6N6

Attention: Zlatko Starkovski

Dear Mr. Starkovski:

Re: Operation of Muzik - 2015 CNE

As you know, the CNEA has sought an order that its consent is required in order for Muzik to operate during the annual CNE fair. Exhibition Place has opposed the granting of that order. We await the result of that arbitration, which we expect by April. At this point, as we do not yet know the result of the arbitration, Exhibition Place is providing this notice that Muzik will not be entitled to operate during the 2015 CNE. We are providing this notice in order to preserve Exhibition Place's position in the event it is not successful in the arbitration.

If, as we hope, Exhibition Place is successful on the arbitration, we plan to revoke this notice and allow Muzik to operate during the 2015 CNE, subject to working out mutually agreeable operating and security protocols as in the past.

Yours truly,

Dianne Young,
Chief Executive Officer

c.c. Arlene Campbell
Barb Cappell
Darrel Smith



THE BOARD OF GOVERNORS OF EXHIBITION PLACE

Exhibition Place, 100 Princes' Blvd., Suite 1, Toronto, Ontario M6K 3C3
Tel: (416)263-3600 www.explace.on.ca



July 23, 2014

Appendix C

Zlatko Starkovski, President
Hypnotic Clubs Ltd. ("Muzik")
Muzik Clubs Inc.

Dear Mr. Starkovski

Re: Lease between the Board of Governors of Exhibition Place (the "Board") and Muzik Clubs Inc. (now Hypnotic Clubs Ltd.) ("Muzik") dated February 16, 2004 (the "Lease")

WHEREAS the Master Agreement between the Board of Governors of Exhibition Place (the "Board") and the Canadian National Exhibition Association (the "CNEA") provides:

- (a) The CNEA shall construct its westerly fence for the CNE to ensure that westerly landscaped area and entrance to the Muzik that are part of the Muzik Leased Property is outside the CNE westerly perimeter and for clarity, the CNEA's westerly fence line is outside the limits of the Muzik Leased Property unless otherwise agreed to by Muzik.
- (b) The CNE shall work co-operatively with Muzik if Muzik decides to develop special programs that will be offered during the CNE,
- (c) During the CNE, the CNEA shall provide to Muzik 21, 18-Day Admission passes (CNE6); 5, 18-day Essential Services passes; and 21 18-Day West Grounds Parking passes.
- (d) Muzik, its staff and invitees, shall have continuous and full access to the Muzik Leased Property during the CNE provided that all persons follow the CNEA rules applicable throughout the grounds during the CNE.
- (e) Any persons attending Muzik during the CNE and arriving after 10 pm shall be charged normal Exhibition Place Parking rates.

NOW THEREFORE The Board and Muzik Clubs (now Hypnotic Clubs Ltd.) ("Muzik"), collectively the Parties to the Lease Agreement (February 16, 2004) (the "Lease"), agree to the following operating terms for the 2014 CNE Period:

1. Muzik will be open to patrons from 10:00 a.m. to 2:45 a.m. on the following days:

- Friday, August 15, 2014
- Saturday, August 16, 2014
- Sunday, August 17, 2014
- Friday, August 22, 2014
- Saturday, August 23, 2014



THE BOARD OF GOVERNORS OF EXHIBITION PLACE

Exhibition Place, Toronto, Ontario M6K 3C3 Tel: (416)263-3600 www.explace.on.ca

- Sunday, August 24, 2014
- Friday, August 29, 2014
- Saturday, August 30, 2014
- Sunday, August 31, 2014
- Monday, September 1, 2014

Muzik may apply to the AGCO for an extended liquor licence for up to 6 days (Fridays and Saturdays) during the CNE period, subject to the Board and Muzik agreeing on a security protocol to apply during those extended hour events and subject to approval by the AGCO of the extended hours and compliance with Applicable Laws. If required by the AGCO, the Board will provide a letter endorsing this arrangement. In addition, Muzik may, on the provision of 48-hour notice to the Board, open on other dates for private functions provided that Muzik continues to provide security as set out in the security protocol and Muzik may decide not to operate on any dates or times noted above provided 48-hour notice is provided to the Board. Any costs reasonably incurred by the Board due to a change (including on days when no operation occurs) will be reimbursed by Muzik upon the receipt of an invoice.

2. Muzik patrons shall enter and exit from the west entrance only via Dufferin Street and the other building exits shall, except in case of emergency, be closed off and prohibited from use by Muzik staff, suppliers or patrons. To expedite this access and egress by Muzik patrons, if a road closure is put in place a taxi stand for 10 cabs/ limos shall be allowed to stack on Dufferin Street (adjacent to Medieval Times) starting at 12 midnight each event night. The taxi stand cannot operate during those periods when Dufferin Street is open for regular traffic, however, the Board will in that case request that the City allow a taxi stand to be located on Dufferin Street north of the Gardiner Bridge.
3. Muzik acknowledges that its open air patios are adjacent to two CNE program areas – Bandshell Stage to the south and Kids World in Centennial Square to the north. Muzik will not generate noise that may, in the opinion of the Board, acting reasonably, interfere with CNE concerts at the Bandshell or CNE activities in Centennial Square and the Board may refer any noise complaints received from surrounding residents due to the activities of Muzik to Exhibition Place Security. (Exhibition Place Security will in turn contact Muzik through normal channels). Note 'Attachment A' refers to the current published schedule of CNE Bandshell activities subject to change.
4. Muzik will at its costs, take reasonable steps (including deploying sufficient paid duty police in the area outside the Muzik west entrance for the period 10 p.m. to 4 a.m.) to ensure that all of its patrons enter and promptly leave the Muzik Leased Property and the grounds by the Dufferin Bridge or the British Columbia Drive exit.
5. Muzik will inform the Board of its security plan and work cooperatively with the Board to address its security concerns reasonably. Muzik will take reasonable steps to maintain safe

conditions within, and in the area immediately surrounding, its Leased Property for its patrons, employees and members of the public using Exhibition Place or attending the CNE. In the event that any circumstances or incidents occur which are not adequately addressed by the security plan, Muzik agrees that it shall work cooperatively with the Board to modify its security plan as reasonably required to address these issues.

6. Muzik agrees to provide evidence of insurance in accordance with the provisions of the Lease.
7. Muzik will ensure that all deliveries to the Muzik building occur between the hours of 2 a.m. and 10 a.m. In the event that CNEA changes its delivery rules, Muzik will work cooperatively with CNEA to similarly adjust its own delivery schedule.
8. Muzik will reimburse the CNEA for any additional operating costs which are, in the opinion of the Board, due to Muzik's operation or the activities of its invitees on the grounds (ie additional security, fencing etc)
9. The Board agrees to facilitate better cooperation between Muzik and the CNEA including assisting in mediating disputes between Muzik and the CNEA and the development of special programs as outlined in the Master Agreement reflected in 1(b) above.

NOTHING in this Operating Agreement shall be construed to affect any or all terms of the Lease.

MUZIK'S RIGHT TO OPERATE during the CNE under this Operating Agreement shall be subject to any order of a court or an arbitrator pursuant to Arbitration Act which may suspend or remove the Board's legal ability to grant such rights.

Sincerely



Dianne Young, CEO, Exhibition Place

IN WITNESS WHEREOF:

SIGNED this day _____ at Toronto, Ontario, Canada,



Zlatko Starkovski, President
Hypnotic Clubs Ltd. ("Muzik")

Attachment A

Bandshell Park Events - based on information on the CNE website as at July 21, 2014

Note: this is subject to change.

Down With Webster:	Date: Aug 15	Time: 7:30 pm - 9:30 pm
The Mavericks:	Date: Aug 16	Time: 7:30 pm - 9:30 pm
Kailash Kher:	Date: Aug 17	Time: 7:30 pm - 9:30 pm
Ash & Bloom:	Date: Aug 19	Time: 7:30 pm - 8:00 pm
Christopher Cross:	Date: Aug 19	Time: 7:30 pm - 9:30 pm
Jay Douglas:	Date: Aug 20	Time: 7:30 pm - 8:00 pm
The Mighty Diamonds:	Date: Aug 20	Time: 7:30 pm - 9:30 pm
Pavlo:	Date: Aug 21	Time: 7:30 pm - 8:00 pm
José Feliciano:	Date: Aug 21	Time: 7:30 pm - 9:30 pm
DWAYNE GRETZKY:	Date: Aug 22	Time: 7:30 pm - 8:00 pm
Platinum Blonde:	Date: Aug 22	Time: 7:30 pm - 9:30 pm
Tebey:	Date: Aug 23	Time: 7:30 pm - 8:00 pm
Gord Bamford:	Date: Aug 23	Time: 7:30 pm - 9:30 pm
Francesco Yates:	Date: Aug 24	Time: 7:30 pm - 8:00 pm
The Orchestra:	Date: Aug 24	Time: 7:30 pm - 9:30 pm
These Kids Wear Crown:	Date: Aug 26	Time: 7:30 pm - 9:30 pm
Bleeker Ridge:	Date: Aug 27	Time: 7:30 pm - 8:00 pm
April Wine:	Date: Aug 27	Time: 7:30 pm - 9:30 pm
Hanson:	Date: Aug 28	Time: 7:30 pm - 9:30 pm
Autumns Cannon:	Date: Aug 30	Time: 7:30 pm - 8:00 pm
Tom Cochrane:	Date: Aug 30	Time: 7:30 pm - 9:30 pm

Appendix D

Principal, Auxiliary, Exclusive & Prohibited Uses of Commercial Tenancies at Exhibition Place

	Tenant	Principal/Ancillary Uses	Exclusive Uses	Prohibited Uses
1.	Medieval Times (1993)	<p><u>Uses:</u> A dinner/theatre operating year round in an arena setting featuring a performance involving horses, knights and contests of skill and strength, including a meal and alcoholic beverages served at seating surrounding the performance area</p> <p><u>Ancillary Uses:</u> Displays, exhibits, beverage service, merchandise sales and the boarding of horses and other animals used in the performance.</p> <p><u>Future Uses:</u> The right to change or add to the attractions on the site, subject to Board approval provided that any proposed use does not compete with any permanent or temporary attractions or event being held at Exhibition Place.</p>	Operation of any permanent “themed” dinner theatre attraction on the grounds of Exhibition Place, except with the prior written approval of the Tenant	
2.	Liberty Grand (2001)	<p><u>Uses:</u> Entertainment complex, including a night club and private event/function space, restaurants, and a catering kitchen.</p>	None	<ul style="list-style-type: none"> • Themed dinner theatre • Trade & consumer shows & related activities & The Tenant acknowledges that the Landlord have exclusive right to food and beverage services to all trade and consumer shows held at Enercare Centre and at Exhibition Place, and that the Tenant is not permitted to provide food and beverage services to those shows except in accordance with the lease • Professional sports events • Casino
3.	BPC (Ricoh Coliseum) with Sublease to MLSE (2004)	<p><u>Uses:</u> Modern sports and entertainment complex consisting primarily of professional hockey, music concerts, theatrical productions and other similar sports and entertainment events</p> <p><u>Ancillary Uses:</u> restaurants, food concessions and retail premises.</p>	Commercial operation of a hockey franchise intended to attract ticket paying customers (which for certainty includes OHL, Metro Junior, Tier 2, ECHL, WHA, UHL, university and collegiate teams (but shall expressly exclude any GTHL community or similar minor hockey franchises/teams).	<ul style="list-style-type: none"> • Casino, except as part of an annual private fundraising initiative • Permanent themed dinner theatre attraction • Trade or consumer show or MIC&E venue • The sale of goods not in keeping with a reputable and first class development, second hand goods (other than the sale of memorabilia such as game used equipment, hockey stick and team jerseys), armed services surplus articles, insurance salvage stock, fire sale stock or bankruptcy stock

	Tenant	Principal/Ancillary Uses	Exclusive Uses	Prohibited Uses
				<ul style="list-style-type: none"> • Sale of firecrackers or fireworks • Auction, bulk sale, liquidation sale, 'going out of business' or bankruptcy sale, or warehouse sale • A use which would, because of the merchandising methods or quality of operations likely to be used, would tend to lower the character of the Premises, the Complex or the balance of the Lands as a whole • Any practice of unethical or deceptive advertising or selling procedures • Such other use for which the Owner might reasonably be required to give an exclusive use for another facility on Exhibition Place
4.	Gossip Restaurant (2005)	<p><u>Uses:</u> operation of a typical restaurant/dining establishment which provide food and beverages (including alcoholic beverages)</p> <p><u>Ancillary Uses:</u> hosting special events, including, but not limited to, televised professional and amateur sporting events, singles dating events, fashion shows, wine-tasting and /or special food theme nights, televised cooking shows, live entertainment and permanent off-track betting (with pre-approval from City Council)</p>	None	<ul style="list-style-type: none"> • Themed dinner theatre • Trade & consumer shows & related activities • Professional sports events • Casino
5.	MLSE (BMO Field) (2007)	<p><u>Uses:</u> Field sporting events such as soccer, rugby, cricket, field hockey and football, spectator entertainment events and concerts, Community Sports Purposes and other similar sports and entertainment events</p> <p><u>Ancillary Uses:</u> restaurants, licensed beverage operations, food concessions and retail outlets</p>	None	<ul style="list-style-type: none"> • Casino, except as part of an annual private fundraising initiative • Permanent themed dinner theatre attraction • Trade or consumer show or MIC&E venue • The sale of goods not in keeping with a reputable and first class development, second hand goods, armed services surplus articles, insurance salvage stock, fire sale stock or bankruptcy stock • sale of firecrackers or fireworks • auction, bulk sale, liquidation sale, 'going out of business' or bankruptcy sale or warehouse sale • a use which would, because of the merchandising methods or quality of operations likely to be used, would tend to

	Tenant	Principal/Ancillary Uses	Exclusive Uses	Prohibited Uses
				<p>lower the character of the Stadium or the balance of Exhibition Place as a whole</p> <ul style="list-style-type: none"> • any practice of unethical or deceptive advertising or selling procedures • Permanent indoor live performance venue/nightclub providing live and recorded musical entertainment • Such other use for which the Owner might reasonably be required to give an exclusive use for another facility on Exhibition Place
6.	Queen Elizabeth Theatre (2008)	<p><u>Uses:</u> Theatre with fixed theatre seating, presenting live entertainment, including concerts, dance productions, theatre productions, film production an musical or theatrical cultural events, including visual effects, live music and first or second run moves</p> <p><u>Ancillary Uses:</u> Box office, coats check, and bar/lounge area licensed for the sale and service of liquor</p>		<ul style="list-style-type: none"> • Themed dinner theatre • Trade & consumer shows & related activities • Conferences, weddings or social events or receptions • Professional sports events • Formal sit-down Banquets • Casino • Permanent indoor live performance venue/nightclub providing live and recorded musical entertainment for standing room crowd capacities of greater than 500 persons but less than 2,999 persons
7.	Fountainblu (2008)	<p><u>Uses:</u> Banquet facility with the ability to offer food and beverage events</p>		<ul style="list-style-type: none"> • Themed dinner theatre • Trade & consumer shows & related activities • Conferences • Professional sports events • Casino • Permanent liquor licensed venue solely for the purpose of providing live and recorded musical entertainment for standing room crowd capacities of greater than 500 persons but less than 2,999 persons
8.	Toronto Fashion Incubator (2009)	<p><u>Uses:</u> A small business centre for the support of fashion entrepreneurs</p> <p><u>Ancillary Uses:</u> Offices and design and production studios and events, presentation, sales Centre, training centre, web cast, library resource centre, showroom, sample centre, seminars and filming related to its</p>	None	<ul style="list-style-type: none"> • Themed dinner theatre • Trade & consumer shows & related activities • Conferences, weddings or social events or receptions • Professional sports events

	Tenant	Principal/Ancillary Uses	Exclusive Uses	Prohibited Uses
		primary business		<ul style="list-style-type: none"> • Formal sit-down Banquets • Casino • Permanent indoor live performance venue/nightclub providing live and recorded musical entertainment
9.	Hotel X (2009)	<u>Uses:</u> A full service hotel of a standard and quality consistent with full services hotels of comparable size and quality in Toronto's central business district	Operation of a hotel for 15 years from Rent Commencement Date within Exhibition Place and during the Term, the operation of a hotel within that portion of Exhibition Place located east of Ontario Dr.	<ul style="list-style-type: none"> • Casino or gaming facility • Permanent themed dinner theatre • Professional live hockey, soccer or motor racing events • Permanent liquor licensed venue solely for the purpose of providing live and recorded musical entertainment • Ticketed concert venue, promoted to the general public, for over 500 seats • A shooting range, gun club or other activities which promote the use of firearms • The sale of goods not in keeping with a reputable and first class development, second hand goods, armed services surplus articles, insurance salvage stock, fire sale stock or bankruptcy stock or adult entertainment (excluding in-room adult movies) • sale of firecrackers or fireworks • auction, other than an auction held in conjunction with a charity event taking place at the Hotel, or an auction of high quality art or artefacts, jewellery, collectibles or similar items of quality and/or interest • bulk sale, liquidation sale, 'going out of business' or bankruptcy sale or warehouse sale, other than a sale of superfluous or out-of-date items, which shall be permitted, whether or not they are being replaced • a use which would, because of the merchandising methods or quality of operations likely to be used, would tend to lower the character of the Leased Premises, the Project or the balance of the

	Tenant	Principal/Ancillary Uses	Exclusive Uses	Prohibited Uses
				Lands as a whole <ul style="list-style-type: none"> any practice of unethical or deceptive advertising or selling procedures
10.	Cerise Fine Catering (2009)	<u>Uses:</u> The preparation of Food Products and Food Services to be sold and offered in Allstream Centre. With the prior Approval of the Board, not to be reasonably withheld, conditioned or delayed, use the Food Service Premises for off-site catering, provided that Cerise shall prepare a business case demonstrating the benefit to the Board and there shall be no material adverse impact of the operating of the Building	Occupation of the Food Services Premises and manage, provide and operate all Food Services for all shows and events held in Allstream Centre	
11.	Ovations Food Services (2013)	<u>Uses:</u> The preparation of Food Products and Food Services to be sold and offered in the Buildings and elsewhere at Exhibition Place.	Occupation of the Food Services Premises and provide all Food Services and sell all Food Products for Enercare Centre and other buildings utilized for Trade and Consumer shows (Better Living Centre and Queen Elizabeth Exhibit Hall)	
12.	MLSE as Sublessee of the BPC (Ricoh Coliseum) 2013 (LOI) (See Item # 3 above)	<u>Uses:</u> General business offices in conjunction with the permitted use set out in the BPC Sublease		<ul style="list-style-type: none"> Banquets indoor live performance venue/nightclub which operates as a permanent liquor licensed venue solely for the purpose of providing live and recorded musical entertainment
13.	MLSE (Basketball Training Facility) 2014 (LOI)	<u>Uses:</u> NBA-quality basketball training centre for training associated with basketball, housing up to 2 basketball courts. <u>Ancillary Uses:</u> Weight room, therapy and areas for coaching, locker rooms, a full-service kitchen and lunchroom, areas for coaching, management and support staff, video replay viewing space, offices, storage	None	<ul style="list-style-type: none"> permanent themed dinner theatre professional live hockey, soccer or racing sports events a permanent liquor license venue/night club solely for the purpose of providing live and recorded musical entertainment a ticketed concert venue, promoted to the general public for over 500 seats

	Tenant	Principal/Ancillary Uses	Exclusive Uses	Prohibited Uses
		and press facilities. Community sports and other purposes. Indoor sports played on courts such as but not limited to volleyball and badminton.		<ul style="list-style-type: none"> • a hotel • casino or gaming facility

- Note: At its meeting of February 12, 2016, a discrepancy was raised by the Board with respect to the “Prohibited Uses” for Fountainblu (Item #7). This version corrects that discrepancy removing from “Prohibited Uses” any reference to “Formal sit-down Banquets” which are allowed in this venue but not in the QET which is leased to the same Tenant.

FUNDRAISING EVENTS & CHARITABLE SIT DOWN DINNERS

We are honored to have hosted fundraising events such as the Motion Ball supporting Special Olympics, Three To Be, “Just Be Love” raising funds to support and advance the development of innovative research, education and therapies for children with neurological disorders and many more successful fundraising events. A full list of past clients is available. Please contact us to discuss how we can help support your next gala.



Appendix "F"

From: LORNA TOMASSONI [<mailto:tomassoni8395@rogers.com>]

Sent: Saturday, September 05, 2015 4:11 PM

To: councillor_grimes@toronto.ca; councillor_diciano@toronto.ca; councillor_karygiannis@toronto.ca;
Councillor Mammoliti; councillor_layton@toronto.ca

Cc: Priscilla McLellan; lauretta.santarossa@bell.net; James Town; Lavonne McCumber Eals; Albert Caires; roger.riendeau@utoronto.ca; Debbie Crowe; sean.snow@rbc.com; Catherine Holliday; Peter & Diane Siroishka; Mukesh Prada; Corey Doan; Grace Wright; Diane Nasadiuk; Natasha Fahel; Frank Martins; Steven Li; Dennis Wilson; Brenda Ford; mathy.varathan@gmail.com; Gaston Cufre; Jennifer Lee; Richard Gislason; Krista Firth; Subhash (Roy) Roi; Andre Adams; David Nicholson; Randy Smith; Greg Barry; Jacob Karsemeyer; David Boyle; Melissa Sheppard; Brent Ferris; Jason Suedath; Luba Ferris; Michelle Comma; Anvie Nguyen; Craig Fleming; Stephanie Jamieson; Gloria Holmes; Gwen Chalmers; Natasha Priest; Nicholas Hryciw; Gaby Thatcher; Kevin Ellis; Victor Merino; Ashley Sheosanker; Jean Scaglioni; Councillor Layton; Councillor Perks; Cheri Dinovo; hdong.mpp.co@liberal.ola.org; Dianne Young; Mayor Tory

Subject: Muzik

(please forward this email to other Board members whose email addresses I do not have: Connie Dejak, Victoria Mancinelli, Paula Oliveira, Mark Teeple)

Dear Board of Governors, we the neighbours of Exhibition Place, who have been complaining about Muzik's operation for years, were very sorry to know that you:

- plan to extend Muzik's lease until 2034.
- have no consideration for the dangerous activities that are going on at that venue.
- do not understand how the venue does not fit into the "child friendly" western part of Exhibition Place.

We are aware of :

- the investigations that have happened related to Muzik over the past few years.
- Muzak serving liquor beyond closing time.
- overcrowding.
- inappropriate security for events.
- illegal drug sales.
- inappropriate, illegal socialization.
- extra activities at Muzik not being good examples of what a "community friendly" facility should demonstrate to the public.

We understand that:

- Muzik brings money to the City.
- visitors to the city love to attend a beautiful nightclub.
- young people in the city enjoy this type of venue.
- famous actors, musicians and sport stars like to frequent this type of venue.

We do not understand why:

- this type of venue is in a family friendly area of Exhibition Place.
- Muzik is hidden behind high fences.
- Medieval Times and Liberty Grand can respect the beauty of their buildings but Muzik can not.
- Muzik does not prevent inebriated patrons from wandering out of the building and up Dufferin Avenue where they wake residents late at night and destroy private property.
- security does not prevent dangerous activities happening at the site.
- security does not value the safety of patrons and the neighbourhood.

We, as a neighbourhood just north of the Dufferin Gate, are tired of this inappropriate venue. This is a family neighbourhood. We respect the different residents living here and, we seem to live harmoniously. Why should we accept a business that does not display suitable behaviour at Exhibition Place? The grounds were always seen as an amazing place for community events not an area for disruptive activities that threaten the health and safety of patrons and local residents.

We do not understand why the Board of Governors is only interested in the money generated by this venue and, does not respect the local neighbourhood's concerns. If the City wants a nightclub, it should **not** be in the family friendly section of Exhibition Place. If Exhibition Place wants to keep Muzik, it should be moved it to the eastern section of the grounds near the new Hotel Ex.

We are a neighbourhood who would like to be heard, especially when we are concerned about the safety of our residents.

From: Dave Ross [<mailto:dross@mott.ca>]
Sent: Saturday, September 05, 2015 10:28 AM
To: infoAT
Subject: proposed extension of lease

Can you kindly forward this to all members of the Board of Governors on my behalf -

I was rather surprised to read today (Toronto Star) that the CNEA is strongly considering extending the lease for Muzik to 2034 *without an open and competitive process*. Surely in this age of transparency, the Board will not conduct business in such a questionable manner.

This would be an exceptionally worrisome move, both in perception and in fact, if it were to be allowed. It is my understanding that Musik is currently enjoying a particularly favourable lease. This tremendous City owned asset shouldn't continue to be leased without a fair and open process which would maximize its value to the taxpayers and not just one insider.

Dave Ross
241 Lee Ave.
Toronto, ON
M4E 2P4



September 11, 2015

Ms. Dianne Young, CEO
Exhibition Place
100 Princes' Blvd.,
Toronto, Ontario M6K 3C3

Dear Dianne:

It has been reported to me by staff in attendance at the Board of Governors of Exhibition Place meeting held on Friday September 4, 2015, that two matters of concern were raised in that meeting. Zlatko Starkovski of Muzik Club while making a presentation to the Board with respect to Item 20 of the agenda reported that on two occasions during the 2014 CNE incidents took place which he implied were perpetrated by CNE patrons. Mr. Starkovski advised the members present that, during the 2014 CNE, a fire broke out in his club and that a number of club refrigerators were also broken into during the course of the 2014 CNE.

As a matter of due diligence, I have asked our security staff to review all reports from the 2014 CNE to see if any security reports in our records refer to either of these incidents. Although we do have notes that indicate a small fire took place at one of the outdoor cabanas at Muzik, we have no reports of the thefts that Mr. Starkovski referred to. I asked that the minutes of our daily morning meetings be reviewed as Exhibition Place Security, Toronto Police Service and Toronto Fire Service all have representatives at these meetings. Although the fire was mentioned, we found no evidence of the thefts occurring or being reported. In addition, there was no mention that CNE patrons were suspected as being responsible for the fire or thefts. I don't know if the Exhibition Place Security Department has other records concerning these incidents, if they do, it would be helpful if you could confirm the dates and times the incidents were reported and any other information that would suggest these acts were committed by CNE patrons. Upon receipt of confirmation, I will ensure that these incidents are considered when developing security plans for the 2016 CNE.

One further note at the same meeting, the Chair of the Board of Governors Councillor Mark Grimes, made reference to a shooting that occurred at the CNE but did not provide specifics with respect to the date of the occurrence. Again, we have searched our records and found no evidence of a shooting at any CNE in recent history. In fact, since the start of my tenure at the CNE in 1983, I do not recall ever hearing of a shooting occurring at the event. However, if you could provide me with confirmation of a shooting incident along with details and a date this incident occurred that would again be helpful in reviewing the incident and future planning.

Thank you for your attention to the above, I will await your confirmation with respect to these matters.

Regards,

A handwritten signature in black ink, consisting of several fluid, connected strokes that form a stylized representation of the name Virginia Ludy.

Virginia Ludy
General Manager



October 14, 2015

Dianne E. Young
 Chief Executive Officer
 The Board of Governors of Exhibition Place
 Queen Elizabeth Building, Exhibition Place
 Toronto, Ontario M6K 3C3

Dear Dianne:

It has come to Cerise Fine Catering's attention, through recent board meetings and local press, that the Board of Governors of Exhibition Place ("BOG") is considering providing an extension to the Muzik nightclub on Exhibition Place grounds, as well as permitting Muzik to provide full event catering services.

This possible development is extremely troubling to Cerise, the exclusive caterer to the Allstream Centre.

Cerise entered into its Agreement with the BOG with the understanding that the catering rights at Exhibition Place would remain materially the same as the status quo. We pay significantly higher rents at Allstream than Muzik does to Exhibition Place, with the understanding that Muzik is restricted to only providing Canadian music content events.

The proposed modifications to the Muzik deal would materially undermine Cerise's agreement with the BOD, and eat away at revenues of the Allstream Centre, as they would with other Exhibition Place venues like the Liberty Grand. If Muzik is allowed to compete fully against the Allstream Centre, it will be able to undercut our prices, and thereby our revenues.

Moreover, considering the public dangerous incidents at Muzik, it bears mentioning that a shrinking, not an expansion, of Muzik's rights at Exhibition Place would benefit the BOD.

Cerise will as always value its partnership with the BOG, and continue to live up to its Agreement as the exclusive caterer at Allstream. We hope and expect that the BOG will continue to respect these exclusivity rights and maintain the status quo regarding Muzik.

Nothing contained herein shall be construed as a relinquishment and/or waiver of any right or remedy possessed by Centerplate, NHC or Cerise Fine Catering.

Sincerely yours,

CERISE FINE CATERING

By: 

February 12, 2016

To: The Board of Governors of Exhibition Place

From: South Parkdale Neighbourhood Group

On behalf of the neighbours north of the Dufferin Gate, we would like to remind the Board of Governors that we are still expecting the closure of Muzik. On October 23, 2015, we submitted, to the Board of Governors and the CEO of Exhibition Place, our issues regarding the operation of this venue. The item was put on hold at that meeting but, we were and, still are concerned about the safety of our neighbourhood and all who visit Exhibition Place.

The neighbourhood is still interested in knowing:

- if the investigation from the Alcohol and Gaming Commission was completed, if so, what were the results?
- if Police Services completed the investigation of the murders on August 4, 2015? Has someone been charged with the murders and injuries resulting from the shootings at Muzik and, on our neighbourhood streets? Has Muzik been investigated for the ineffectiveness of their security during the event and, at other events throughout their lease?
- if the Board of Governors considers the western part of Exhibition Place a “family” area, does the Board believe that Muzik is appropriate for the image of the western area?

We have learned that, at a meeting on February 4th, the City Council requested, the Chief Planner and Executive Director in City Planning, to determine the appropriate actions and conditions necessary to amend the Official Plan for the buildings within the lands designated Parks/Open Space on the Exhibition Place grounds, in order to permit leases in excess of twenty-one years. We hope that this means that the City will continue to own the buildings, art and property in the Parks/Open Space at Exhibition Place. At this point, as we understand, a lease of more than 21 years gives the property and building to the proprietor of the lease. Considering the operational issues that we have identified in the October 23rd submission, this policy directive would grant Muzik the ownership of the Horticultural Building and, a piece of the park at Exhibition Place.

In our issues document and with new information acquired, we learned that since its inception, Muzik has:

- blocked the beauty of the Horticultural Building by hiding it behind a fence.
- hidden the Statues of the Greek Gods from Exhibition Place visitors.
- impacted the safety of the grounds for neighbours and visitors to Exhibition Place.
- created an unsafe area due to uncontrollable patrons roaming the grounds and destroying neighbourhood properties.
- been part of criminal activity like assaults and murders which are being investigated, as well as, lawsuits filed against Muzik related to acts of violence at the site.

To help us understand the role of the Board of Governors, we looked at the web page and found Chairperson Mark Grimes letter regarding his role as Chairperson of the Board. He states that:

- it is critical for the Board to maintain Exhibition Place as Toronto’s key venue for public celebration, large events, festivals, and community events, while protecting its parkland, historical assets and core businesses.
- moving into the future, the Board will provide excellence in customer service; strengthen Exhibition Place as a year-round destination; and ensure our continued financial success.
- he looks forward to lead the Board’s efforts in bringing positive results to each key venue.

From this statement, we see that the Board wants to ensure that Exhibition Place is an exciting, safe and prosperous location. If this is so, will there be any recognition of Muzik's disregard for the expectations of the City of Toronto and Exhibition Place.

We believe that the Board of Governors and Exhibition Place do not consider the effects their venues have on the

residents who consider Exhibition Place's open spaces their back yard. Since Muzik opened, there have been many issues raised with people in authority because of Muzik's unacceptable operation and unacceptable activities. No one listened or, seemed to care about the well being of our old, established neighbourhood filled with great Toronto residents.

We have learned that Muzik will be hosting an event for the National Basketball Association and, has invested in security for their site. What is being done for the neighbourhood to protect our homes when patrons leave the premises? Over many years, there has been trouble after events and, no one available to provide security for the safety of our residents and their homes.

Due to our ongoing issues with the operation of Muzik, we believe that their lease should not be extended. We also support the City Operational Department's review of the leasing policy and, hope that amendments are presented that will ensure that Exhibition Place does not lose the ownership of the land, the historical buildings and the Statues of the Greek Gods. Exhibition Place and its green space are part of the exceptional beauty of Toronto.

In conclusion, we would like to reference a piece on the privatization of public space published in the British Guardian last year, written by Bradley L. Garrett who is an urban geographer. He concludes that **"we should start systematically mapping out and using these public spaces to raise awareness about what we have – before we lose it"**.

The Communication below was distributed to the Board at its December 4th meeting and is attached for the Board's information

October 23, 2015
Board of Governors
Exhibition Place

Good Morning.

I am here as a member of the South Parkdale Neighbourhood Group. I live just north of the Dufferin Gate. As you may already know, we have, as a group, worked to create two petitions to close Muzik; one on line (245 signatures) and one door to door (90 signatures) which were presented to City Council on September 30th. I brought copies of both petitions for the Board of Governors. We would like you to understand that our neighbourhood has family homes, apartments, group homes and seniors facilities that live in a wonderful, cohesive community bordering the CNE.

You are probably asking why we did this. Our neighbourhood believes that Exhibition Place and the Board of Governors seem to forget that the Canadian National Exhibition grounds are part of an old Toronto neighbourhood. We have families who are third and fourth generation residents in family homes. Many, like myself, have lived in the neighbourhood from 20 to 35 years.

We love living here. When you buy a house or move into an apartment, you hopefully have researched the neighbourhood and appreciate the community events that happen in your back yard. That is what the CNE was considered, our back yard. It had beautiful architecture and a wonderful park near the lake. There were fun-filled events that brought people and music and festivities to the grounds. As a neighbourhood, we accepted and lived with the excitement. Yes, on occasion, there have been incidents but not on a regular basis. Also, by midnight events closed and people went home.

Since Muzik moved in, the grounds have changed. Muzik was presented to us by David Miller's councillors, as a transparent venue. We would still be able to appreciate the Horticultural Building and the statues of the Greek Gods. We would have the park and clear access to Lake Ontario. Slowly, over the years, Muzik took over the corner. As neighbours we were stunned. How did this happen? Who gave permission for the fences, the pools and the rowdy guests.

In our petitions, we list the issues that we have with Muzik's operation. In summary they are:

1. preventing Torontonians from enjoying the "Garden of the Greek Gods".
2. creating a dangerous environment, with drunken and/or drug using patrons roaming around the EX grounds and violating nearby neighbourhoods.
3. presenting unacceptable risks of criminal activity which include assaults and murders some of which are currently being investigated by the Toronto Police Services.
4. risking the safety of Torontonians living near and/or visiting Exhibition Place.

In our petition we have requested:

1. the cancellation of Muzik's lease,
2. restoring the use of the Horticultural Building as a site for family activities,
3. revoking the liquor license for Muzik Clubs Inc.,
4. restoring calm for the neighbourhoods bordering the grounds where Muzik is located,
5. preventing the approval of a facility that can risk violence and death to those frequenting Exhibition Place, and
6. restoring the beautiful architecture and landscape of the grounds.

The western part of the CNE was considered a family area. There is the playground, the outdoor basketball courts, the outdoor children's water pool and Medieval Times. Liberty Grand hosts many weddings and private events that seem to be well controlled. The Raptors practice facility offers youth who are interested in learning and practicing the sport a great venue.

How does Muzik fit in to the family based, community model of these venues?

We recommend the closure of Muzik, the restoration of the Horticultural Building, community access to the statues of the Greek Gods and the ability to appreciate the beautiful park.

Please do not forget the safety of our neighbourhood and, the possible consequences that venues may have on our community when you are discussing future events at Exhibition Place.

Thanks you for your time.