



# Exhibition Place

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## Item No. 15

December 4, 2012

**ACTION REQUIRED**

To: The Board of Governors of Exhibition Place

From: Dianne Young  
Chief Executive Officer

Subject: **Sublease by Toronto Centre for the Promotion of Fashion Design**

### Summary:

This report seeks authority to amend the current lease with the Toronto Centre for the Promotion of Fashion Design carrying on business as Toronto Fashion Incubator (TFI) to allow TFI to sublease one pod (2,781 sq. ft.) to Muzik Clubs Inc for use as a general business office.

### **Recommendations:**

**It is recommended that the Board approve an amendment to the Lease with TFI to allow Muzik Clubs Inc. to sublease one pod (2,781 sq. ft.) of the Music Building for its use as general office space. The sublease term shall conclude no later than the existing term of the TFI lease (June 13, 2016 i.e. one day before the end of the term of the TFI lease).**

### Financial Impact:

There is no financial impact to the Board as a result of approving this recommendation.

### Issue Background:

The Board approved a (4) four-year lease with TFI for the entire Music Building commencing June 15, 2012, that allows TFI to sublease up to one pod under specific criteria related to the fashion industry. TFI has been in operation since 1987 and 48% of its funding is provided by the City of Toronto through a grant. Given the current financial situation in the city, TFI is concerned about this funding in the future and was looking to acquire a subtenant to offset some of their costs.

Since TFI has been unable to acquire a subtenant related to the fashion industry they have approached Exhibition Place requesting an amendment to the current lease allowing TFI to sublease one pod to another current tenant at Exhibition Place, Muzik Clubs Inc., to use as general offices.

### Decision History:

This lease amendment supports the Board's Strategic Plan regarding Business Development 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.*

At its meeting of May 29, 2009, the Board approved a new Lease with TFI for the entire Music Building commencing June 15, 2009 and expiring 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. At its meeting of November 4, 2011, Board approved a (4) four-year lease with TFI for the entire Music Building commencing June 15, 2012.

Comments:

TFI successfully operated within one pod of the Music Building for two years (2007/8 and 2008/9) and occupied the entire building since June 15, 2009. Their tenancy has been very positive and certainly compatible with other operations and events on the grounds. It is one of the most successful business incubator centres of its kind and many cities have copied the model used in Toronto.

The sublease of one pod to Muzik Club Inc. allows TFI to sublease the pod that is not used by TFI thus off-setting the rental rate now paid by TFI for the space. At the same time, it allows Muzik Club Inc. to meet its operational need to provide additional administrative space for its office staff.

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Submitted by:

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