



Exhibition Place

17 (a)

May 13, 2016

To: The Board of Governors of Exhibition Place

From: Business Development Committee

Subject: **Muzik Clubs Lease – Terms & Conditions
Past Permission Granted for Banquet Events**

FOR INFORMATION

Summary:

At the Board meeting of February 12, 2016, a question was raised about the terms of the lease agreement between the Board and Hypnotic Clubs Inc. (successor to Muzik Clubs Inc.) (the "Muzik Clubs Lease") and permission granted to the Muzik Clubs Tenant to hold banquet events at the Muzik premises. A review of our records since 2007 indicate that there have only been seven (7) such requests from the Tenant and permissions given over that 9 year period as noted below.

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.

At its meeting of May 13, 2016, the Business Development Committee considered subject report and recommends the Board receive for information.

Issue Background:

From a review of the Exhibition Place records, it appears that only seven requests have been received from the Tenant to hold banquet events at Muzik Clubs Inc. Each request was reviewed and permission provided after consideration of all factors.

Comments:

The events for which Exhibition Place provided permission and a waiver of the lease restriction were on the following dates:

- September 10, 2008
- March 6, 2012
- April 16, 2015

- May 12, 2015
- October 22, 2015
- November 8, 2015
- November 25, 2015

Some of the factors considered in the review of the seven events were as follows:

- All were charity events
- Letter sent with the request from the charity organizer indicating that it had explored many venues before choosing Muzik
- Exhibition Place premises were already booked with another event
- Some of the events had already started advertising in the marketplace so not granting permission may have a negative impact on the event and event goers
- Permission was provided in writing to Muzik for each one on a one-off basis and with reference to the continued enforcement of the restrictions in the Lease
- The November 25, 2015 event did not appear to be in conflict with the lease restriction on “professional sports” and therefore permission was not needed
- The May 12, 2015 charity event was wanting a “nightclub setting” which would not appear to fall within the restriction of “sit down banquets” as established by the court ruling

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