



Exhibition Place

Item No. 16

ACTION REQUIRED

January 19, 2015

To: The Board of Governors of Exhibition Place

From: Dianne Young
Chief Executive Officer

Subject: **Mounted Police Head Quarters Lease Renewal, Horse Palace**

Summary:

This report recommends that the Board approve a five (5) year renewal lease with The City of Toronto commencing January 1, 2015 and expiring December 31, 2019 for the premises within the Horse Palace presently occupied by the Toronto Police Mounted Unit Head Quarters, substantively on the terms and conditions of the existing lease and the terms outlined in this report.

Recommendation(s):

It is recommended that the Board approve a five (5) year renewal lease with The City of Toronto for premises located within the Horse Palace occupied by the Toronto Mounted Police Unit on the same terms and conditions as the existing lease.

Financial Impact:

There are no financial implications resulting from the adoption of this report. As with other City operations that have extended continuously, the lease rent is nominal, however the Mounted Unit must pay for the full cost of all services delivered to it by Exhibition Place staff which cost includes an administrative mark-up of 12% on the service cost. The Mounted Unit also pays for the cost of maintaining the horse ring and dirt in the Horse Palace which cost they share with the Exhibition Place Riding Academy.

Decision History:

As a part of the 2014 to 2016 Strategic Plan, Exhibition Place has a goal to *enhance and sustain our dynamic and diverse public assets and integrate these assets into the urban fabric for the benefit of the community.*

At its meeting of June 25, 1999, the Board approved the terms of a lease for an area within the Horse Palace to be built and occupied by the Mounted Police Headquarters for an initial term of five (5) years, expiring on December 31, 2004, with an option, subject to the approval of the Board in each case, to renew for three (3) further periods of five (5) years each. City Council subsequently approved of the lease term and renewal terms at its meeting of October 3, 4 and 5, 2000 and its special meeting of October 6, 10 and 11, 2000. At its meeting of September 24, 2004, the Board approved a renewal term of 5 years that expired on December 31, 2009. Further, at the September 3, 2010 meeting, staff recommended a further 5 year term that expired on December 31, 2014 which the Board approved.

Issue Background:

Given the previous approval of City Council, City Legal has confirmed that only approval of the Board, not City Council, is required for this 5-year renewal.

Comments:

Following approval of the initial lease with the TPSB extensive renovations and leasehold improvements valued at approximately \$1.0M were completed to an area approximately 18,000 sq. ft. located in the northwest corner of the Horse Palace. All renovations and leasehold improvement costs were paid by the TPSB and the Mounted Police Unit moved their Headquarters (previously located on Bayview Ave) into this facility in January 2000.

The tenancy of the Mounted Unit within Horse Palace has been very positive for Exhibition Place. The Mounted Unit has upgraded and added value to the Horse Palace building and has also participated or attracted events to the grounds: Doors Open and Toronto Horse Day. Accordingly, staff recommends that the Board approve a renewal term of five (5) years to expire on December 31, 2019 on the same terms and conditions of the present lease as set out in Appendix A attached.

Contact:

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Appendix "A"
Term Letter for Mounted Unit Police Head Quarters

1. Premises: The premises are located at 91 Manitoba Drive, Toronto, Ontario comprising a total of 18,000 square feet and made up of the following components:
 - (a) Administrative office space;
 - (b) Horse grooming area;
 - (c) Horse stall area including approximately fifty (50) horse stalls; and
 - (d) The use of the exercise ring as an exercise area.
2. Term: The Tenant shall lease the Premises from the Landlord for a term of five (5) years.
3. Commencement Date: The term shall commence on the first day of January, 2015.
4. Rent: The Tenant shall pay to the Landlord, Basic Net Rent and Additional Rent, both as hereinafter defined:
 - (a) Basic Net Rent of \$1.00 for the Term; and
 - (b) Additional Rent: "Additional Rent" means:
 - (i) all taxes, rates, local improvement rates, duties or assessments which may be levied, rated, charged or assessed against the Premises or any parts thereof, whether real or personal property, by any authority having jurisdiction, and any taxes which may be imposed by such authority on the Board or the Tenant or anyone else with respect to the Premises;
 - (iii) all costs of utilities and supplies for the Premises, including electrical power and all costs of operation, maintenance, replacement and repair of the Premises except as otherwise provided in this Term Letter or in the Lease Agreement;
 - (v) any and all sums of money or charges required to be paid by the Tenant under this Term Letter or the Lease Agreement (except for Annual Net Rent) whether or not designated as "Additional Rent" or whether or not payable to the Board or to any other person;
 - (vi) Additional Rent shall be payable in monthly installments, in advance, on the first (1st) day of each month of the Term without set off or deduction.
5. Harmonized Sales Tax: The Tenant shall pay to the Landlord any harmonized sales or other goods and services taxes imposed by any governmental authority on the Landlord or the Tenant, based in whole or in part on the Rent payable under the Lease.
6. Repairs: The Tenant shall maintain the Premises in a state of good repair, reasonable wear and tear, and damage by fire, lightning, tempest or other casualty accepted.
7. Compliance With Collective Agreements At Exhibition Place
 - (a) The Tenant shall conform with and abide by all covenants and agreements in force and in effect from time to time between the Landlord or the City and any union or association and shall, without restricting the generality of the foregoing:
 - (i) obtain any clearance required by any union or trade organization having any jurisdiction over any of work to be done by the Tenant in Exhibition Place; and
 - (ii) endeavour not to prejudice any relationship between the Landlord or the City and any union or trade organization.
 - (iii) The Landlord shall provide such reasonable information as the Tenant may from time to time require to fulfil its obligation herein.
 - (b) Without diminishing its obligation under subsection (a) above, the Tenant acknowledges its awareness of collective agreements between the Landlord, and:
 - (i) Labourers' International Union of North America, Local 506 (Operations);
 - (ii) The United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, Local Union
 - (iii) The International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators of the United States and Canada, Local #58, Toronto;
 - (iv) The Ontario Provincial Council, United Brotherhood of Carpenters and Joiners of America (O.P.C.), Local Union 27;

- (v) Canadian Union of Public Employees, Local 2840;
 - (vi) International Brotherhood of Electrical Workers, Local Union 353; and
 - (vii) International Brotherhood of Painters and Allied Trades District Council 46.
8. Signs: Any sign, lettering or design in the Premises that is visible from the exterior of the Premises shall be subject to approval by the Landlord and shall conform to the uniform pattern of identification signs for tenants as prescribed by the Landlord.
9. Use of Premises: The Premises may be used for the purpose of providing a headquarters facility for the Toronto Police Service Mounted Unit, including administrative offices, horse stalls, and grooming and exercise facilities. If the Tenant proposes to use the Premises for other purposes, it shall not do so without consulting with and obtaining the prior approval of the Landlord. In no event will the Tenant be permitted to carry on any of the Prohibited Uses described in Section 10 below.
- The tenant acknowledges and agrees that its access to, and use of, the exercise ring and stall areas contained in the lease property shall be restricted by the Board, acting reasonably, during the period of the Canadian National Exhibition, the Royal Winter Fair and any other event as designated by the Board, provided that the Board shall provide the tenant with at least thirty (30) days notice of its intention to restrict such access and use. The Tenant acknowledges that the Landlord has adopted an Environmental Policy and Green Standard (the "Environmental Policy") in respect of operations at Exhibition Place, a copy of which is attached hereto. The Tenant agrees to comply with the provisions of the Environmental Policy in its Tenant's Work and its operations at the Premises, except to the extent that such provisions contravene applicable heritage guidelines for the restoration or use of the Premises, in which case the Tenant shall not be bound by the Environmental Policy but shall use reasonable efforts to comply with it to the extent possible.
10. Prohibited Uses: The use of the Premises by the Tenant shall be subject to all existing contractual obligations of the Landlord respecting the use of the Lands, including rights granted with respect to the BMO Field, Arts, Crafts and Hobbies Building ("Medieval Times Dinner Tournament"), Coliseum Arena (Ricoh Coliseum), renovated Automotive Building (Conference Centre), Ontario Government Building (Liberty Grand Entertainment Complex) and Horticulture Building (Muzik Clubs), and, in addition to the restrictions set out elsewhere in this letter, the Premises shall not be used for any of the following purposes:
- i. a themed dinner theatre;
 - ii. trade and consumer shows and any activities (including the provision of food and beverages) related to trade and consumer shows;
 - iii. conferences, weddings or social events or receptions;
 - iv. professional sports events;
 - v. formal sit-down banquets;
 - vi. a casino; and
 - vii. a 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
11. Parking: The Board retains all rights to all parking facilities and the revenues derived therefrom. The Board shall, during the Term, provide a suitable parking area for horse trailers and other Toronto Police Service vehicles sufficient to accommodate up to forty – five (45) vehicles in a close proximity to the premises.
12. Assignment: The Tenant shall not assign this offer and any lease executed pursuant to this offer or to sublet all or any part of the Premises at any time.
13. Restoration of Premises: At the end of the Term, or any extension thereof, the Tenant shall not be required to remove any leasehold improvements or restore the Premises.

14. **Heritage Asset:** The Tenant acknowledges that by By-Law No. 443-85 the Building has been designated by the Council of the City under authority of the *Ontario Heritage Act*, R.S.O. 1990, c. O.18 as being of architectural and historic value or interest. The Tenant shall comply with any and all requirements under the *Ontario Heritage Act* and other applicable legislation and/or any by-law or regulation pursuant to such act or legislation with regard to those matters which are its responsibility with respect to the Premises, and to ensure that all renovations, repairs, and any and all other work undertaken by the Tenant on, at or upon the Premises are in full compliance with the *Ontario Heritage Act*.
15. **Closure of Lands:**
- (a) 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 Exhibition Place. At such times, special provision will be made by the Landlord to facilitate access to the Premises by the Tenant. If access to the Premises is prevented for any length of time due to reasons of "force majeure" or any other reason not within the control of the Landlord, there shall be no abatement or reduction of Basic Rent, Additional Rent, or any compensation for loss of business or claim of any kind. By way of example only, among the types of events which give rise to such closures on a short term basis are the CHIN Picnic and Toronto Caribbean Carnival celebrations.
- (b) The Tenant acknowledges that the Landlord shall have the right, for the purposes of the annual CNE, to close the grounds of Exhibition Place, and to interfere with, interrupt or prevent access to the Premises commencing with the pre-CNE move-in period approximately one (1) week prior to the opening day of the CNE and including the move-out/tear down period after the end of the CNE. During the CNE, the Landlord will facilitate access to the Premises by Tenant's staff for essential business operations only. Any other access or operation of the Premises will be subject to the prior consent of the Association and the following conditions:
- (i) The Tenant shall not be permitted to park any vehicle adjacent to the Premises;
- (ii) No loading or unloading associated with the Premises shall be permitted between the hours of 10 a.m. and 11 p.m.
- (c) The Tenant acknowledges that the Landlord shall have the right, during the annual Honda Indy weekend (from Wednesday through to and including Sunday with a possible Monday "rain-day"), to close the grounds of Exhibition Place, and to interfere with, interrupt or prevent access to the Premises except in cases of emergency within the Premises. In addition, the Tenant acknowledges that in the nine (9) to twelve (12) weeks in advance of the actual race weekend, the typical Honda Indy layout is being constructed around the Premises.
- (d) The Tenant acknowledges that, during or in connection with any future Olympics, Pan Am Games or World's Fair or other event of comparable significance, the Landlord shall have the right to close the grounds of Exhibition Place, and to interfere with, interrupt or prevent access to the Premises. During such events, the Landlord will facilitate access to the Premises by Tenant's staff for essential business operations only.
- (e) The Landlord will give the Tenant notice in writing not less than six (6) months prior to any proposed closing for the purposes set out in subsection (d) above.
- (f) If access to the Premises is prevented for any length of time due to any reason under subsection (a), (b) or (c), there shall be no abatement or reduction in Basic Rent, Additional Rent or Participation Rent, nor shall the Tenant receive any compensation for loss of business or claim of any kind.
15. **CNE:** The Tenant agrees to work with the Canadian National Exhibition Association (the "Association") on a cooperative basis. The Tenant acknowledges that it shall have no claim against the Board with respect to the disruption of its occupation, use and enjoyment of the Leased Property as a result of impacts from the operation of the CNE.

16. Standard Agreement Terms: The Tenant acknowledges and agrees that the Lease Agreement shall contain the following terms:
 - (a) The Tenant will ensure that all agents, operators, and contractors of the Tenant maintain adequate security and insurance;
 - (b) The Tenant shall be responsible, at its sole expense, for obtaining any and all government approvals required for the operation of the concept, and the construction of any required structures and improvements, including the issuance of any required permits;
 - (c) All plans for construction shall be subject to the prior approval of the Board;
 - (d) The Board at its sole expense will maintain the grounds around the Premises including snow removal to a service level provided throughout the grounds of Exhibition Place;
 - (e) Such other commercial terms as may be required by the CEO and the City Solicitor.
17. Time of the Essence: Time shall be of the essence of this offer.
18. Administration and Management: The Director of Real Estate Services (the "DRE") and/or the Chief Corporate Officer (the "CCO"), their successor or designate shall administer and manage the Lease on behalf of the Tenant, including the provision of any consents, approvals, waivers, notices and notices of termination provided that the DRE or CCO may, at any time, refer consideration of such matter (including their content) to City Council for its determination and direction.