



Exhibition Place

Item No. 14

ACTION REQUIRED

December 2, 2011

To: Board of Governors of Exhibition Place
From: Dianne Young, Chief Executive Officer
Subject: **Hotel Development – Revised Schedule**

Summary:

Since approval by City Council, the hotel developer, HKHotels LLC (HKH) has been working diligently with City Planning and City Legal to complete the requirements of the Exhibition Place Alternative Site Plan Approval process and long form lease. The parties executed the long form lease on November 22, 2010 and in early June 2011, City Planning issued a Notice of Approval Conditions to HKH. However, following issuance of this Notice, HKH was required to do further design reviews and submit them to the City. An Amended Notice was issued by the City on November 2, 2011.

Recommendation:

It is recommended that the Board approve of the revised Schedule included in this report as amendments to the Lease Agreement between the Board and HKHotels LLC.

Financial Impact:

There is no financial impact from this report.

Decision History:

At its meeting of June 24, 2011, the Board approved of amendments to the construction schedule.

At its meeting of October 8, 2009, the Board approved of the development plan for a hotel at Exhibition Place and the terms and conditions of a lease with HKHotels LLC which recommendations were subsequently approved by City Council at its meeting of November 30 2009.

Issue Background:

The Lease Agreement between the Board and HKHotels LLC sets out timeframes to be met by both parties with the next key step being the approval of the Development Plan by City of Toronto Planning.

Comments:

In early Summer, 2010, HKH presented the development plan for the hotel to the City of Toronto Planning Department. While Exhibition Place is exempt from formal Site Plan Approval, City Planning for its review process required all the same documents and information as would be

required by the Site Plan process. In the original schedule this City process was estimated to take approximately six months but for a variety of reasons it took almost 12 months with City Planning issuing a Notice of Conditional Approval to HKH in early June 2011. The plans approved by City Planning were the ones that were presented to the Board by HKH at its meeting of March 4, 2011.

However, following March 4th, HKH had to seek additional approvals from the City because after completing the first design, the City informed HKH that there was an issue with the height of the building because of the “escape” route for the Billy Bishop Airport flights. HKH redesigned the structure to remove three floors but at the same time redesigned the interior so that the number of rooms did not decrease. Again, the plan was to complete this redesign process quickly but unfortunately, the amended Notice of Conditional Approval was only received by HKH on November 2, 2011. Because of this delay, HKH is requesting an adjustment of the schedule of Milestone Dates included as part of the lease and is as follows:

Previous Date	Proposed Date	Action
December 31, 2010	June 15, 2011	Obtain Site Plan Approval / Notice of Approval Conditions (NOAC) from City Planning
	October 31, 2011	Obtain Revised Notice of Approval from City Planning
April 30, 2011	December 31, 2011	Completion of Schematic Design
June 30, 2011	December 31, 2011	Financial Projections Submission
June 30, 2011	December 31, 2011	Capital Cost Estimate Submission
July 31, 2011	April 30, 2012	Completion of Design Development
December 31, 2011	August 30, 2012	Deliver LOI from Lender to provide necessary construction and (at HKH's option) mini-permanent financing for the Project Deliver LOI from investor(s) to provide necessary equity financing
January 31, 2012	November 30, 2012	Apply for Building Permit
March 31, 2012	November 30, 2012	Completion of Contract Documents
May 1, 2012	January 31, 2013	Commence Construction
December 31, 2010	April 1, 2014	Consideration by the parties of the need for a Reference Plan & registration on title with separate property identifier
April 30, 2014	April 30, 2015	Substantially Complete construction (except for FF&E)
June 30, 2014	May 31, 2015	Open for business

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