



Exhibition Place

Item No. 25

June 9, 2011

To: Board of Governors of Exhibition Place

ACTION REQUIRED

From: Dianne Young, CEO

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. Because the process with City Planning was longer than anticipated, HKH is requesting a revision to the Schedule of Milestones included in the Lease Agreement.

Recommendations:

It is recommended by 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 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.

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)
December 31, 2010	September 30, 2011	Reference Plan registered on title and separate property identifier
April 30, 2011	September 30, 2011	Completion of Schematic Design
June 30, 2011	November 30, 2011	Financial Projections Submission
June 30, 2011	November 30, 2011	Capital Cost Estimate Submission
July 31, 2011	January 31, 2012	Completion of Design Development
	March 30, 2012	Obtain revised NOAC Letter
December 31, 2011	June 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	July 31, 2012	Apply for Building Permit
March 31, 2012	August 31, 2012	Completion of Contract Documents
May 1, 2012	August 31, 2012	Commence Construction
April 30, 2014	November 30, 2014	Substantially Complete construction (except for FF&E)
June 30, 2014	January 15, 2015	Open for business

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Submitted by:

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