



Exhibition Place

Item No. 4

October 28, 2014

To: The Board of Governors of Exhibition Place

ACTION REQUIRED

From: Dianne Young
Chief Executive Officer

Subject: **Agreement with Green Savoree Toronto ULC for Honda Indy**

Summary:

This report recommends amendments (specific to the 2015 race) to the approved three-year agreement with Green Savoree Toronto ULC (“GST”) for 2015, 2016 and 2017 races (the “Agreement”).

While the Toronto Honda Indy is a significant event for Exhibition Place, more importantly is the economic impact on the City of Toronto. The Honda Indy Toronto has a direct economic impact on the City of \$34.7 million, and indirect impact of \$12.0 million for a Total Economic Impact of \$46.7 million. The City of Toronto also generates additional domestic & international measured media value in excess of \$10.2 million. Charitable initiatives generate \$87,000 for the Make-A-Wish Foundation and the Toronto Downtown YMCA annually. Although an economic generator for the City and the Province, the Toronto race has up until recently experienced significant financial losses.

Recommendations:

It is recommended that the Board:

- 1) Approve of the amendments to the agreement for the 2015 race, substantially on the terms and conditions contained in this report including Confidential Attachment 1, and such other terms and conditions satisfactory to the Board’s Chief Executive Officer and the City Solicitor; and**
- 2) Direct that the confidential information contained in Attachment 1 to this report not be released publicly in order to protection the competitive position and future economic interests of Exhibition Place and the City of Toronto.**

Financial Implications:

The proposed Operating Budget for 2015 includes the financial return as set out in this report and the attached Confidential Attachment 1.

Decision History:

The Exhibition Place 2014-2016 Strategic Plan has a Financial Goal to *maintain a positive operating financial performance across Exhibition Place and all its businesses* and as a Strategy to support this Goal *we will seek new or expand revenue opportunities within our existing operations and ensure operating budgets are met or show a positive surplus to budget.*

At its meeting of February 14, 2014, the Board approved entering into an agreement with Green Savoree Toronto ULC (Green Savoree) with respect to the 2015, 2016 and 2017 Honda Indy races.

Issue Background:

In August 2014 GST advised staff that the requested dates of June 4, 5, 6 and 7, 2015 for the Honda Indy had not been approved by the Sanctioning Body (IRL) and were not available in the Verizon Indy car series for a Toronto race. GST then requested that staff investigate the possibility of holding the race on June 11, 12, 13 and 14, 2015. On August 24, 2014 the Sanctioning Body (IRL) confirmed to GST they would be agreeable to staging a 2015 race, subject to sufficient facilities and infrastructure.

The June 4, 5, 6 and 7, 2015 dates were originally agreed to in order to allow a buffer between the move-out of the Honda Indy Race and the continued move-in of the TO2015 PanAm Games, and did not conflict with other Board contracted events in the Queen Elizabeth Building or events booked by Fountainblu.

Comments:

Exhibition Place staff have been meeting with GST and TO2015 officials to review in a co-operative manner the operational demands of both events and what additional terms and conditions are required as outlined in the Appendix. Staff have been in communication with one other Board clients with contracted events that cannot be held now because of these conflicted dates in order to find alternate space on the grounds and in the City. The details of these events and the costs for relocation are discussed in the Confidential attachment and GST has agreed to cover this cost. Staff have also been meeting with tenants, and the only tenant which has indicated they will have issues due to the proposed new dates is the Fountainblu, Queen Elizabeth Theatre tenant. Again, GST has agreed to indemnify the Board for any costs to relocate these clients.

Staff are recommending amendments to the three-year agreement with Green Savoree as outlined in terms and conditions attached as Appendix "A" and the Confidential Attachment.

Contact:

Jeff Gay, Director of Event Management Services

Telephone: 416-263-3060

Fax: 416-263-3107

Email: jgay@explace.on.ca

Arlene Campbell

General Manager, Sales & Event Management

Tel: (416) 263-3030

Fax: (416) 263-3019

Email: ACampbell@directenergycentre.com

Appendix 'A'

All of the current Terms and Conditions approved by the Board at its meeting of February 14, 2014 and included in the subsequent contract between the Board and Green Savoree Toronto ULC entered into July 15 2014 remain in place with the exception of the amended Terms and Conditions listed below:

- (a) Race Days: The automobile race shall be run over four (4) consecutive days commencing on a Thursday and ending on the Sunday and such dates are amended from June 4, 5, 6 and 7, 2015 to June 11, 12, 13 and 14, 2015.
- (b) GST confirms that the Sanctioning Body (IRL) has approved these amended dates.
- (c) GST acknowledges and agrees that Toronto 2015 Pan Am Games will be commencing move in by area immediately following the dates of GST move out as outlined in Appendix B. Accordingly, GST agrees that it shall indemnify the Board with respect to any and all losses, claims, liability, damage or expense arising out of any failure of GST to complete its move out by the agreed upon dates which may impact on the move in of the Pan Am Games.
- (d) If the featured final race cannot be run on the Sunday, June 14, 2015 because the Sanctioning Body (IRL) rules the Track unsafe for any reason, the agreement is amended for 2015 as the featured final race cannot be run on the Monday immediately following
- (e) Direct Energy Centre – GST shall have the right to use the DEC (excluding the West Annex, Hall D, Hall H, Room D1, Salon 110, the identified north portions of Halls A, B, C as mutually agreed, and the Ricoh Coliseum in 2015; and West Annex, and Ricoh Coliseum in 2016 and 2017) from the Monday preceding the race on the terms and conditions of the standard license and the Board shall provide, if available, office space to GST by the first day of move-in prior to the race provided GST pays all costs associated with such space.
- (f) Ricoh Coliseum - GST agrees that the use of the Ricoh Coliseum for holding of Marlies Hockey Games on one or more of the Race Days may occur only with the prior written approval of GST, acting reasonably.
- (g) Take-Down – The parties shall agree on the 2015 chronological schedule for the take-down of all structures, seats, etc., necessary for the race and GST shall abide by such schedule. The schedule is attached as Appendix B
- (h) Equipment – GST shall have on standby an additional CASE F Series Front End Wheel Loader with Kenco attachments (or equivalent) for the duration of the move-out.
- (i) GST shall provide any additional staff as requested by the Board to insure the move-out deadlines are achieved.
- (j) Approvals – GST shall be responsible for obtaining the consent of the City of Toronto to hold the race and close Lake Shore Boulevard West and for complying with the terms of those approvals.
- (k) Termination – If GST decides to cancel the 2015 Event at any time all contractual amounts related to relocation of events are due and payable. If notice of such cancellation is provided on or before November 30, 2014, then no License Fee or Board Costs shall be payable by GST to the Board, with the exception of any Board Costs which have been authorized by GST and incurred by the Board prior to November 30, 2014.