

November 26, 2004

EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: **Canadian Motorsport Hall of Fame – Lease Renewal**

Purpose:

This report recommends the terms for a three-year lease agreement with the Canadian Automotive Association for the Canadian Motorsport Hall of Fame exhibit in the Halls of Fame Building.

Financial Implications & Impact Statement:

The approval of the recommendations contained in this report will result in the Board earning approximately \$74,200.00 over the course of the proposed term, plus revenue from services such as cleaning and maintenance.

Recommendation:

It is recommended that the Board approve the terms of a three-year lease with the Canadian Automotive Collection for the continued tenancy of the Canadian Motorsport Hall of Fame in the Halls Of Fame Building on the terms and conditions contained in this report and any other such terms and conditions as may be required by the General Manager and the City Solicitor.

Background:

At its meeting of November, 2001, the Board approved the terms of a three year lease with the Canadian Automotive Collection for the Canadian Motorsport Hall of Fame ("CMHF"). This lease expires in December 2004 and CMHF have expressed a desire to renew their lease for an additional three years.

Discussion:

CMHF, a not-for-profit charitable institution founded in 1993 to honour and recognize the efforts, achievements and contributions that Canadians have made to Canadian Motorsport, established a permanent exhibit of Motorsport memorabilia and its hall of fame in the west wing of the Halls of Fame building here at Exhibition Place in January 2002.

For the Board's information, the CMHF displayed the first inductees and a single race car in a small section of the Canada's Sport Hall of Fame from 1993 until 1997, and when the exhibit grew and required more space it relocated in 1997 to a 7,500 square foot space located on the ground level retail area of Atrium on Bay (777 Bay Street) in Toronto where it remained until July 2001. CMHF relocated the exhibit to the Canadian Warplane Heritage Museum in Hamilton, however discovered that its success was really dependant on a Toronto location. In November 2001 CMHF approached the Board and in January 2002, they relocated their exhibit from the Warplane Heritage Museum to the Halls of Fame Building here at Exhibition Place.

The CMHF exhibit and hall of fame is a visitor destination and is complementary to the existing activities that occur at Exhibition Place, particularly the Molson INDY and Canada's Sports Hall of Fame which is located in the other wing of the Halls of Fame Building, and the tenant also works with the annual CNE and the annual Molson INDY to provide a exhibit during these events.

During their first three year term at Exhibition Place, the CMHF has inducted over 20 members to their Hall of Fame, have acquired a number of new exhibits, have redesigned and re-launched their website and marketing/sponsorship materials and have been successful in their sponsorship and volunteer initiatives although sponsorship for any not-for-profit organization is an ongoing struggle.

Accordingly, staff recommends that the Board approve entering a three (3) year lease with CMHF on the following terms and conditions which include a increase in Maximum Additional Rent of 1.5% each of the three years, and any other terms and conditions that may be required by the City Solicitor:

- (a) Use: Public exhibit space and the operation and administration of its Head Office and solely for the uses connected with the objects of The Canadian Motorsport Hall of Fame, and, as ancillary use, the sale of licensed merchandise such as T-shirts, jackets and ball caps, but not including any food or beverage items.
- (b) Premises: Approximately 6,950 sf in the west wing of the Halls of Fame Building including use in common with others of the main entrance, public washrooms, hallways and stairways of the Building at such times as those areas are open to the public.
- (c) Term: 3 years commencing January 1, 2005 and terminating December 31, 2008.
- (d) Right to Terminate: The Board has the right to terminate the agreement to lease on ninety (90) days written notice.
- (e) Minimum Rent: \$1.00 per annum
- (f) Maximum Additional Rent: The lease is fully net to the Board, and CMHF shall pay all taxes, and all rates and levies associated with its occupation of the premises including but not limited to services, maintenance, and insurance. Maximum Additional rent in 2005 of \$24,360 or the cost of utilities whichever is the greater will be due and payable in equal monthly installments throughout the term. The Maximum Additional Rent will increase by 1.5% in each of 2006 and 2007.
- (g) Parking: CMHF acknowledges that the Board retains all rights to the operation of parking facilities (surface and underground). The Board will provide six (6) parking passes for CMHF's permanent full-time staff to access designated parking facilities, which will be valid save and except for the period of the Molson INDY and the Canadian National Exhibition.

- (h) Period of Annual CNE: During the CNE period, CHMF shall keep the Premises open to the public at the same time and times each day as the other exhibit buildings are open to the public; and will not make any charge to the public for admission to the premises or to or for the use of the premises without the prior approval of the CNE.
- (i) Annual Banquet: CHMF shall use all commercial best efforts to use a location or locations at Exhibition Place as venue(s) for its induction banquets and any other such catered events.
- (j) Other: CMHF accepts the Premises on an "as is" basis, and all leasehold improvements shall be completed at the tenant's sole expense; CMHF recognize that from time to time Exhibition Place may be totally closed to the public on a temporary basis and/or admission fee may be charged to enter Exhibition Place; CMHF must familiarize itself with *Our Toronto Waterfront*, a report presented to and adopted by City Council by the Toronto Waterfront Revitalization Corporation ("TWRC") led by Robert A. Fung (the "Waterfront Report"). CMHF Tenant agrees its rights under the Lease shall be subject to the authority and rights of TWRC, and to any redevelopment of all or portions of Exhibition Place as contemplated by the Waterfront Report (the "Waterfront Redevelopment"); CMHF agrees that this clause shall constitute notice from the Board that the Front Street Extension project will be proceeding and will have an impact on the Exhibition Place grounds and that CMHF shall not be entitled to any compensation with respect to any disruption caused by this project; CMHF must recognize and comply with all collective agreements between the Board and Labour/Trade Unions; CMHF must execute a standard long form lease document prior to possession of the premises; CMHF acknowledges that the Board retains sole and exclusive claim to all sponsorship rights, including naming rights and signage; CMHF shall not use the Premises for any other purpose than as stated above nor for the following uses, as determined by the Board in its sole discretion: a themed dinner theatre, trade and consumer shows and any activity related to trade and consumer shows, professional sporting events; and a casino.

Conclusion:

This report recommends the terms of a three-year lease with the Canadian Automotive Association for the Canadian Motorsport Hall of Fame exhibit in the Halls of Fame Building at Exhibition Place on the terms and conditions contained in this report.

Contact:

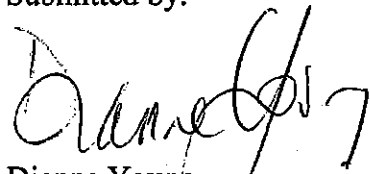
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Submitted by:



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