

EXHIBITION PLACE

October 11, 2000

TO: The Board of Governors of Exhibition Place

FROM: Kathryn Reed-Garrett, Director of Business Development

SUBJECT: Exhibition Place Riding Academy, Horse Palace

Recommendations:

It is recommended that the current agreement with Exhibition Place Riding Academy ("EPRA") be extended for one year, to December 31, 2001 on the terms and conditions recommended in this report and such other terms as required by the City Solicitor.

Background:

At its meeting of November 1999, the Board approved entering into a one-year lease agreement with EPRA which lease agreement expires December 31, 2000.

Discussion:

The current one-year agreement between the Board and EPRA provides for base rent of \$14,067.90 per annum plus all operating expenses for the rental of nine stalls plus the use of the exercise ring in the Horse Palace, plus an additional cost of \$157.50 per month per stall if additional stalls are required. This base rent represents a cumulative increase of 1.5% from 1999 and 5.0% from 1998. Furthermore, under the terms of the current agreement, EPRA is required to surrender the rented premises at its own expense during designated Board events such as the Molson Indy, the CNE, and the Royal Agricultural Winter Fair (for which rental fees are rebated). An additional requirement in 2000 will be reduced access to the horse exercise ring which is used by EPRA for its riding lessons. This reduced access is to accommodate the Toronto Police Services Mounted Unit Head Quarters, which began full operation in their new premises in the Horse Palace in July 2000. The net rental fee payable to the Board in 2000 was \$9,869.81 plus all operating expenses, which was calculated based on the vacancy required throughout the year due to the Board's other licence agreements.

Staff recommends that the Board re-new its agreement with EPRA essentially on the same terms as the present agreement and with no increase in rent. EPRA's use of the exercise ring has been decreased to accommodate the training and exercise schedule of the Mounted Unit which in turn decreases the lesson time available to EPRA and ability to earn revenues. As well, EPRA experienced the loss of several clients in 2000 as a result of the construction (both for the

Mounted Police Head Quarters and the capital works column replacement in the Horse Palace). Renewing the lease agreement with EPRA with no increase to base rent in 2001 will allow EPRA an opportunity to rebuild lost business. The terms of the agreement for 2001 are proposed as follows:


- (a) Term: One year commencing January 1, 2001;
- (b) Premises: A total of nine (9) stalls as follows: five stalls for the stabling of horses, two (2) stalls for office space, and two (2) stalls for storing hay and wood chips; and the use of the exercise ring on a pre-scheduled basis;
- (c) Rent: \$14,067.90 per annum, plus \$159.86 per month for any additional stall that is required, less credit for the vacancy of the premises during any Board designated event, plus realty taxes, all utility costs, all cleaning and interior maintenance costs and any other associated occupancy costs. EPRA is to provide post-dated monthly rental cheques to the Board prior to commencement of the lease;
- (d) Permitted Uses: The operation of a riding school;
- (e) Insurance: Property and liability insurance with limits of \$5 million in form satisfactory to City; and,
- (f) Operation during designated Board events: EPRA agrees to vacate the premises during all designated Board events. The Board will furnish to EPRA a list of designated events for 2001 and such list shall form part of the Lease Agreement.

Finally, there has been a major issue with non-payment of rent in 2000 by this tenant. However, staff have now settled on a payment schedule which will clear all accounts receivable by March 2001 and the tenant has provided post-dated cheques to the Board as required by that payment schedule.

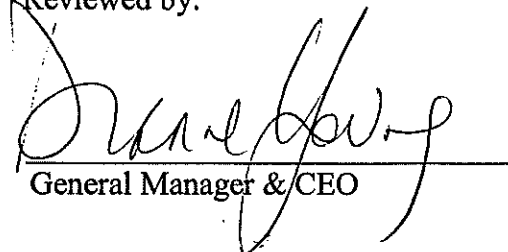
Conclusion:

This report recommends extending the current agreement with EPRA for a period of one year, to expire on December 31, 2001 on the terms and conditions set out in this report and such other terms required by the City Solicitor.

Submitted by:


Director of Business Development

Reviewed by:


General Manager & CEO