

## EXHIBITION PLACE

July 5, 2007

To: The Board of Governors of Exhibition Place

From: Dianne Young  
CEO

Subject: Update on Use of the Music Building

Purpose:

As requested by the Board, this report updates the Board on the status of the occupancy of two pods of the Music Building by the Sustainable Condominium. In addition, the report seeks approval of the terms and conditions of a lease with the Toronto Centre for the Promotion of Fashion Design carrying on business as Toronto Fashion Incubator (TFI) for one pod of the building.

Financial Implications & Impact Statement:

At its meeting in May, the Board approved of waiving rent for the Sustainable Condo display in two pods of Music Building, however this permanent display is to pay for all operating costs. The lease of one pod to TFI for 16 months and three pods for 20 months will result in a rental payment of approximately \$131,600.00 over a three-year term. The 2008 rental rate being proposed was the base rent previously approved by the Board for this building for Immersion Studios which rate is then increased by 3.0% in both 2009 and 2010. In addition, both these operations will relieve the Board of maintenance and utility costs (but not capital costs) associated with this building.

Recommendations:

**It is recommended that the Board:**

- 1. Approve of the lease of one-third of the building to the TFI on the terms and conditions provided in this report, including an option to lease the remaining two-thirds of the building after the space is vacated by the Sustainable Condo display, and such other conditions as required by the City Solicitor;**
- 2. Approve of a use of two-thirds of the building by the Sustainable Condo and various other displays of energy efficiency information provided that this use has no financial costs of any kind to the Board; and,**
- 3. Request Exhibition Place staff take all actions required with respect to both the proposed lease and use of the Music Building to give effect thereto.**

### Background:

At its meeting of September 2006, the Board approved of the termination of the tenancy of Immersion Studios in the Music Building and requested that Exhibition Place staff explore possible future tenants involved in the environmental field. At its meeting of May 2007, the Board approved of using two-thirds of the building as a permanent display of the Sustainable Condo and other displays of energy efficiency information; approved of the waiver of rent for these two pods and requested that staff report back to the Board at its meeting in July on the status of the sustainable condo display project.

### Discussion:

#### Sustainable Condominium

The staff team (including representatives from the City of Toronto, CMHC, CNE and Exhibition Place) have been working since 2006 on the development of two pods of the Music Building as an environmental display. One pod will be completely occupied by the Sustainable Condo and the second pod will be flexible space that will include display cases of environmental products but will also be able to be used for meetings and workshops. A marketing package attached as Appendix "A" is now finalized and Mr. Eamonn O'Loughlin, Director of Marketing for Exhibition Place and the CNE has begun a search for sponsors to be in place by October 1, 2007. Sponsorship is essential to support this project to fund operating and building costs (utilities, signage, building upgrades), display costs (re-construction of condo in one pod, production of display cases, banner production) marketing, staffing and on-going event costs (labour set-up, cleaning).

At this point, the environmental display would be staffed and open to the public only on the weekends. During the week, it would be available to groups through a booking policy and calendar with potential audiences being City staff (workshop, meetings), school groups, environmental groups and industry (association meetings, special events).

For the 2007 CNE, the Sustainable Condo will be located in the Direct Energy Centre but the CNE will also have some displays in one of the pods of the Music Building which will be in conjunction with environmental outdoor exhibits near the Press Building. However, for the 2008 CNE, the Sustainable Condo and other displays will be in the Music Building. In addition, staff will approach consumer show producers to have them include and advertise this Environmental Display as part of their show.

#### Toronto Fashion Incubator

With respect to the third pod, Exhibition Place staff have been negotiating the terms and conditions of a short-term lease with the TFI. TFI is a non-profit, small business centre dedicated to supporting new fashion entrepreneurs and providing an environment where new fashion entrepreneurs can learn the business of fashion through personalized consultations, networking activities, seminars and webcasts. The TFI has been in operation since 1987 and 48% of its funding is a grant from the City of Toronto Economic Development Corporation (TEDCO). It is one of the most successful business centres of its kind and many cities have copied the model set in Toronto. TFI has approximately 8,000 in-person visits annually and sponsors special events that attract an average audience of 300 to 1,000 persons.

TFI is presently located at Queen and Dovercourt but this site is being redeveloped and TFI must move out no later than August 31, 2007. While TFI has been searching for a location over the last two months, it has been unable to find suitable space in the downtown core. Presently, TFI occupies approximately 10,000 sf which is used for staff offices, small designer office areas, meeting/seminar/event space and open production areas. Because of the space currently available in the Music Building, TFI will not be bringing the production part of its business to Exhibition Place. However, it will install its administration offices and small designer offices in one pod as shown on the drawing attached as Appendix "C", and will (through the Board's booking policy) use the second flexible pod for its seminars and meetings. For larger events/meetings, TFI will look at booking the Fountain Dining Room, meeting rooms in the Direct Energy Centre or other locations. Like Immersion Studios, TFI will be able to work around the events that surround the building annually making it difficult to access (eg. CNE, Grand Prix). TFI is also operating a business that is connected to other activities on the grounds such as the spring/fall Fashion Week.

Staff are recommending a short-term lease with TFI generally on the basis of the terms and conditions set out in Appendix B to this report and such others as required by the CEO and City Solicitor. These terms include a three-year lease of one pod commencing on or before August 31, 2007 plus an option to lease the remainder of the building at the conclusion of the environmental display by no later than January 1, 2009, which additional space will become part of the existing three-year lease with TFI. At that time, it is anticipated that the production part of TFI's business will be relocated here.

Conclusion:

This report updates the Board on the Environmental display proposed for two pods of the Music Building and recommends that the Board enter into a lease with the TFI for use of the third pod.

Contact:

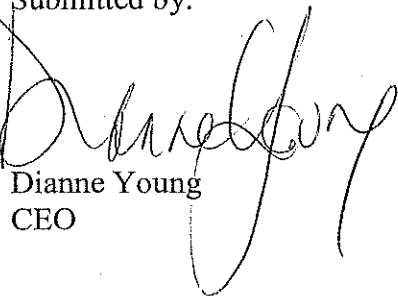
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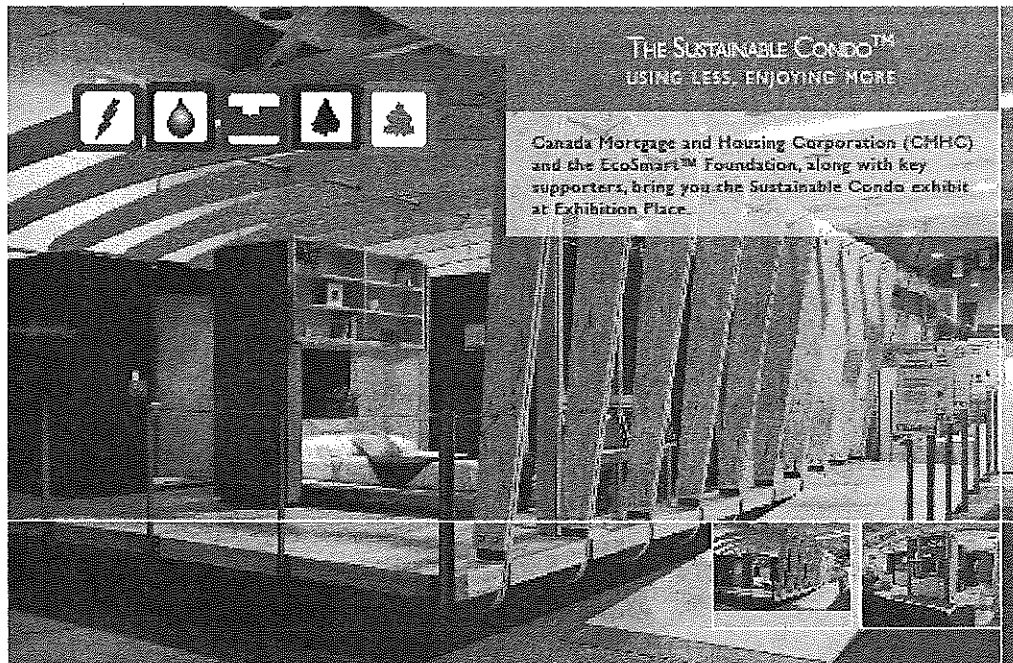
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Submitted by:



Dianne Young  
CEO

## Appendix "A"



### About the Sustainable Condo at Exhibition Place

The Sustainable Condo is a full-size presentation suite that displays green technologies and sustainable products, all of which are currently available. The Sustainable Condo is a project by EcoSmart Foundation, a non-profit organization based in Vancouver. The condo is designed by Busby Perkins + Will Architects and supported by the Government of Canada and numerous other Canadian partners.

The condo was exhibited in Toronto in 2007 at REALTOR QUEST, and The Green Living Show. More than 9,500 people, including industry professionals and consumers, visited the condo. It will now have a home at Exhibition Place in the former Music Building as part of a larger educational exhibit showcasing green technologies. This is a joint initiative in co-operation with Exhibition Place and the City of Toronto.

"Toronto residents want simple ways they can make changes in their own lives to improve the environment. The Sustainable Condo provides an inspiring demonstration of how green building design and green furnishings can be used in our homes right now."

*Derek Miller, Mayor of the City of Toronto*

"Designing for energy efficiency at the outset is one of the most effective ways to make sure you're making the best use of electricity. People who choose to live in units like The Sustainable Condo get the double benefit of using less electricity by design as well as their ability to make smart electricity choices. These people are building their own culture of conservation — they're a great model for what we're doing across the province."

*Peter Lowe, Chief Energy Conservation Officer, Conservation Bureau*

PRODUCED BY



# Sponsorship Benefits

## Venue

The Music Building at Exhibition Place is located at the west end of the grounds. Designed by G.W. Gouinlock, the building consists of three equal-sized (54 ft in diameter by 40 ft in height) octagon pods with a total area of 9,820 square feet.

## Program

The permanent Educational Display will be launched in October 2007 and maintained as a public display at least until December 31, 2008. The central theme of the Educational Display will be the Sustainable Condo which will occupy one of the three pods. The second pod will provide other display opportunities in the form of 12 moveable display cases and 8 wall banners. This pod will also allow for meeting room space for workshops and other functions with a capacity of 90 persons per pod.

## Potential Audience

- Industry (monthly special events, association meetings venue, etc.)
- Students (weekly guided tours, TDSB, TREC, etc.)
- Consumers (open house every weekend)
- Environmental groups (organized tours)
- Government officials (workshops, meetings)

## Outreach

You will have the opportunity to showcase your product/service/technology within the exhibit and receive high quality exposure in planned printed and electronic promotional materials including:

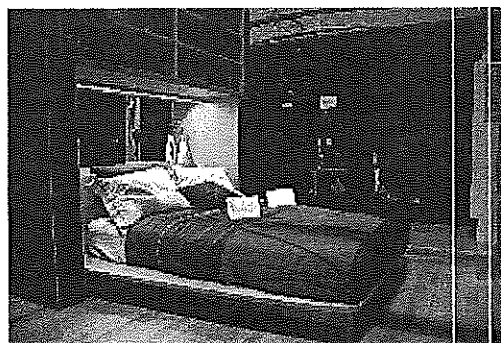
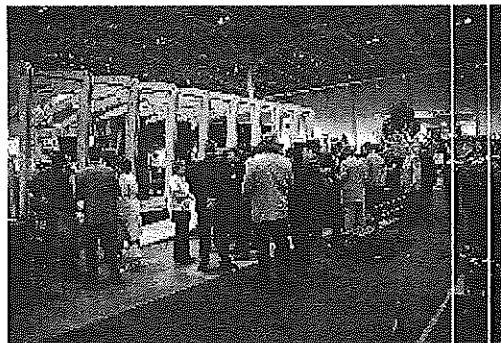
- Targeted Media Campaigns
- The Sustainable Condo section on City of Toronto, Exhibition Place and CNE Websites (with link)
- Featured during 2008 CNE
- Advertised on the two Gardiner signs and two Lake Shore signs
- Advertisement within local community papers
- Possible joint programming with major consumer shows

## Potential Rental Opportunities/Rates:

Pod Space Only Per Day = \$200.00 + GST

\* Additional Costs Utilities at \$80.00 per day, equipment rental and room set-ups costs, cleaning costs etc. at regular list prices

Food & Beverage to be provided by exclusive grounds caterer, Centerplate





## Why at Exhibition Place

Exhibition Place is a 192-acre multi-use destination owned by the City of Toronto and operated by The Board of Governors of Exhibition Place. Exhibition Place is Toronto's largest entertainment venue, attracting over 5.2 million visitors a year to over 300 event days. It is an integral component of Toronto's economy, particularly with respect to tourism, trade, sports, recreation and culture.

In 2004, The Board of Governors adopted a Development Concept Plan to provide an overall framework for new initiatives at Exhibition Place. An Environmental Plan was a key part of this framework. Fundamental to the Environmental Plan is the promotion of sustainable development and environmental initiatives. Exhibition Place has throughout its 128-year history, been a showcase for innovation and this Plan establishes the principle of continuing to pursue leading edge green technologies and practices. In July 2006, Toronto City Council approved the Green Development Standard which sets 'green' performance targets for new construction of buildings and landscapes in the City.

Bold directions set by The Board of Governors in the Environmental Plan include a commitment for Exhibition Place to:

- Be a leader in the use of energy-efficient technologies and the technical and financial strategies used to develop site sustainability
- Seek all opportunities for improving sustainability of the site through initiatives in energy supply and use, solid waste management, building system improvement, transportation improvements and greening initiatives
- Achieve energy self-sufficiency by 2010
- Achieve 80% waste diversion by 2008

## Actions taken by the Board of Governors to date:

- The first urban Wind Turbine in Canada producing 1.2 million kilowatt-hours of energy annually
- Participation in a Hydrogen Fuel Cell demonstration project which includes the installation of a hydrogen refueling station and the deployment of four fuel powered John Deere work vehicles
- S-M-A-R-T (Saving Money and the Air by Reducing Trips) program for employees
- Trigenation Project within Direct Energy Centre that generates 30% of the energy needs of that Complex
- Implementation of a Green Roof pilot project on the historic Horse Palace
- Multiple forestry initiatives including tree plantings and a naturalized garden
- Implementation of a 100 kilowatt Photovoltaic Power Generation Plant pilot project
- Undertaking Energy Efficiency Retrofit projects in five buildings in 2005/06/07
- The launch of LED pilot streetlight project



The Capital commitment made by the Board of Governors will total almost \$7.4 million between 2004 to 2007

The annual production of energy and/or reduction in energy use resulting from these initiatives will be approximately 13.7 million kilowatt-hours

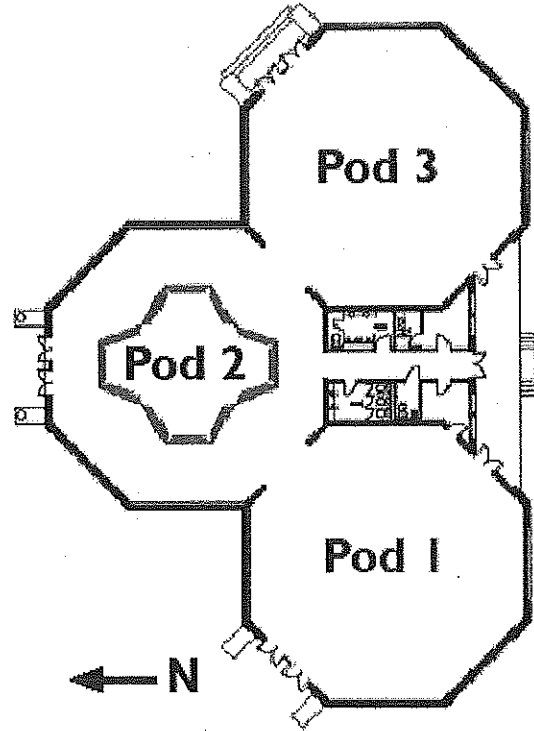
The annual reduction in carbon dioxide emissions resulting from all these measures will be approximately 10,970 tonnes

# Sponsorship Levels

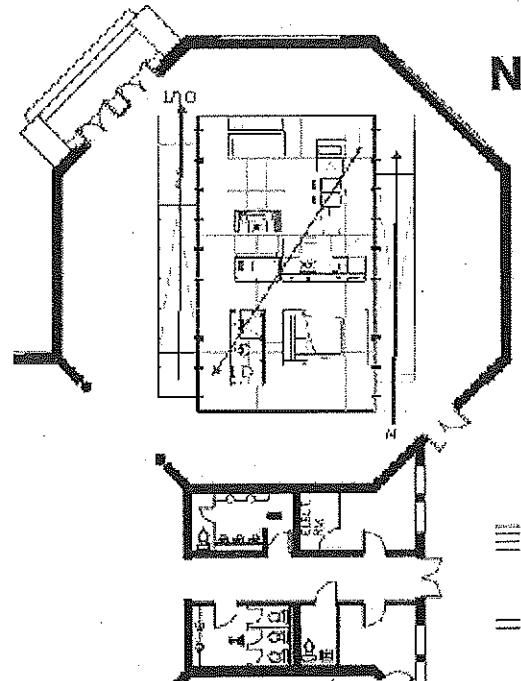
Benefits	Naming Sponsor \$10,000 plus	Featuring Sponsor \$15,000 plus	Contributing Sponsor \$10,000	Partnering Sponsor \$5,000	Product Placement Sponsor \$1,000
Vendor Name & Logo on Garden Entrance Placard Board	•				
Vendor Name & Logo on outside of building and on directional signage across the grounds	•				
Product/Technology showcased in or adjacent to The Sustainable Condo Exhibit	•	•	•	•	•
Company Brochure and Product Information available for distribution; materials to be placed adjacent to the exhibit	•	•	•	•	•
Company Name & Logo on Product Information signage adjacent to Sustainable Condo exhibit	•	•	•	•	•
Company Name & Logo on The Sustainable Condo Brochure to be distributed at the exhibit during hours	•	•	•	•	Company Name Only
Company Name & Logo on Sponsor signage adjacent to Sustainable Condo exhibit	•	•	•	•	Company Name Only
Company Name & Logo on The Sustainable Condo section of the Exhibition Pamphlet, Green Energy & CNE/Exhibition website	•	•	•	•	Company Name Only
Featured in Exhibition Place comprehensive media campaign & website	•	•			
Company Name & Logo on The sustainablecondos.com website (both sides)		•	•		Company Name Only
Use of the venue at no rental cost for 1 corporate function annually (including parking (max 50 persons))	•				
Use of the venue at no rental cost for one corporate function annually (max 50 persons)		•			
Use of venue at preferred Rental Rate for two corporate functions annually (max 50 persons)		•	•		
Use of one corporate display case to showcase product/technology within the Informational Pod (maximum of 10 displays)	•	•			
Use of one corporate banner to showcase product/technology within Informational Pod or Sustainable Condo Pod (maximum of 6 banners)	•		•		

\* Media Sponsor opportunities are also available.

Music Building - Main Floor  
Sustainable Condo Display



Sustainable Condo Display Layout



## Appendix "B"

1. Leased Property: From the Commencement Date, Pod 3 of the Music Building (the "Building") with a total gross floor area of 2,781 sq. ft.; right to use Common Building Areas (together with others entitled to do so); right to use Pod 2 for seminars and presentations subject to following the Board's booking protocol and payment of all events costs. When Pods 1 and 2 become available, but not later than January 1, 2009, the Tenant will have the option to add them to the lease and thereby occupy the entire Music Building.
2. Use: A small business centre supporting new fashion entrepreneurs including offices and design studios, production studio and library resource centre and as ancillary thereto, fashion shows, sales centre, showroom, events, presentations and seminars and the filming thereof, provided that the filming is related to the Tenant's primary business.
3. Term: Three (3) years, commencing on a date before August 31, 2007 and terminating on a date three years later.
4. Basic Rent: Basic Rent will be paid in equal monthly installments, in advance, and will be at a rate as set out below exclusive of GST:

Year 1 = \$20,000.00 p/a or \$1,666.67 p/month

Year 2 = \$20,600.00 p/a or \$1,716.67 p/month

Year 3 = \$21,218.00 p/a or \$1,768.16 p/month

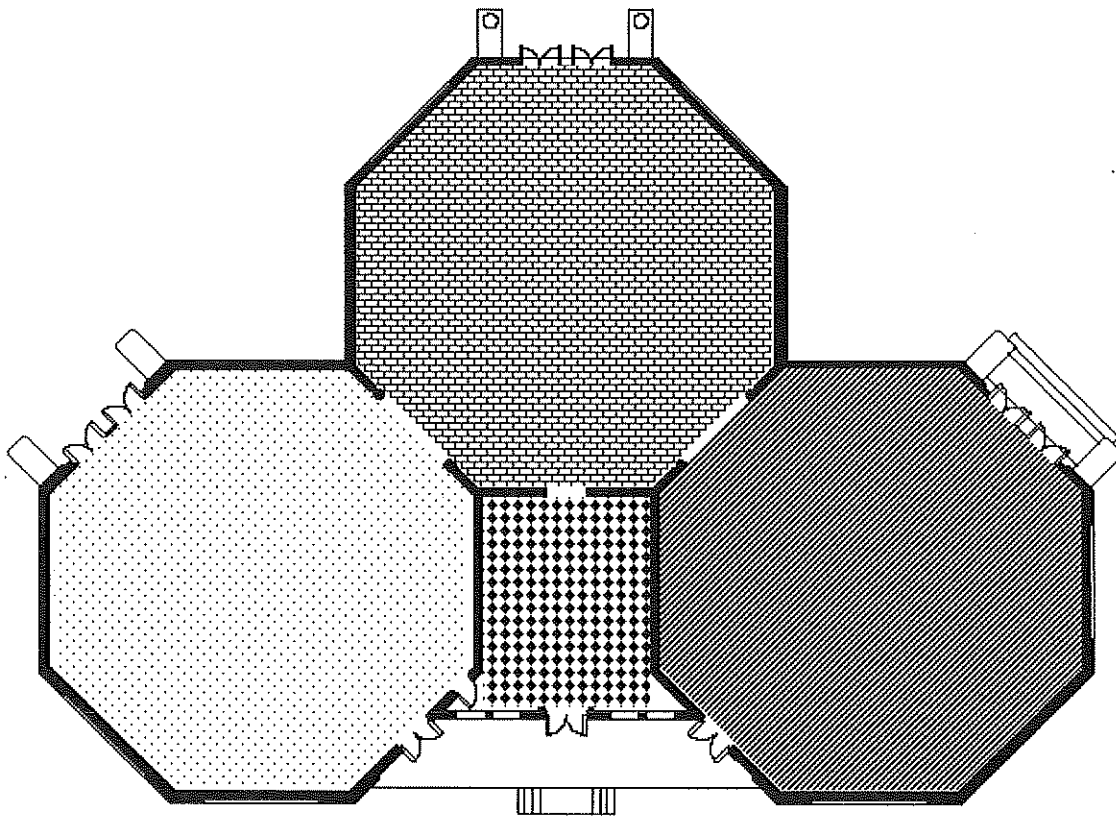
If the Tenant exercises its option to lease Pods 1 and 2 and the Leased Property becomes the entire Building, the Basic Rent will increase proportionately to reflect the additional area.

5. Additional Rent: The Lease is fully net to the Board. The Tenant pays all costs, charges, taxes, rates and levies associated with the Leased Property and its occupation of the Leased Property including, but not limited to, utilities, services, maintenance, waste removal and insurance. While the Tenant is leasing only Pod 1, the Tenant will pay 66.6% of the cost of all utilities to the Building or in accordance with meter readings related to the Tenant's percentage days of occupancy of the Building if this method of calculation is possible without any additional costs to the Landlord; all costs of maintenance and repair of the Leased Property except as otherwise provided in paragraph 6 immediately below; and 50% of the maintenance and repair costs of the Common Building Areas. If the Tenant exercises its option to lease Pods 1 and 2 and the Leased Property becomes the entire Building, the Tenant will pay for all Building utility charges, maintenance and repair costs subject to paragraph 6 below.
6. Board's Repair Responsibilities: The Board will be responsible, at its sole expense, for the cost of all repairs to, maintenance of, and (when necessary) replacement of the foundations, structure, roof, heating and air-conditioning and base building systems of the Building in order that the Building is suitable for year-round use. The Board, at its sole expense, will maintain the grounds around the Building, including snow removal.
7. Tenant's Repair Responsibilities: The Tenant shall, at its sole cost, be responsible for maintaining and preserving the interior of the Leased Property and for effecting non-structural maintenance of the exterior of the Leased Property (for example, window cleaning and caulking and painting).
8. Capital/Leasehold Improvements: The Tenant shall, at its sole expense, perform all leasehold improvements, if any, required by it in the Leased Property. At the end of the Term, the Tenant may be required by the Board to remove at the Tenant's cost some or all leasehold improvements.

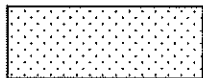


9. Insurance: The Board shall insure the Building at its sole cost. The Tenant shall take out and keep in full force and effect property and general liability insurance in an amount and in a form satisfactory to the City Risk Manager.
10. Closure of the Lands/Building: The Tenant acknowledges that from time to time during the Term, Exhibition Place may be totally closed to the public on a temporary basis and/or an admission fee may be charged to enter the Lands. At such times, (e.g. CNE, Grand Prix, Olympics, World Fair) special terms and conditions will apply access to the Leased Property and parking facilities by the Tenant and its patrons.
11. Restrictions/Conditions:
  - (a) All collective agreements between the Board and Labour/Trade unions must be recognized and complied with for all work at Exhibition Place;
  - (b) The Tenant shall not be permitted to assign the Lease or its rights or interest under the Lease without the prior written consent of the Board, which may be arbitrarily and unreasonably withheld.
  - (c) The Tenant acknowledges that the Board retains sole and exclusive claim to all sponsorship rights throughout Exhibition Place, including naming rights and signage, with the exception of signage to be located within the Leased Property.
  - (d) The Tenant shall not use the Leased Property for any other purpose than that specified in the Lease, nor for the following uses: a themed dinner theatre, trade and consumer shows and any activity related to trade and consumer shows, professional sporting events; banquet, corporate meetings, nightclub/concert venue and a casino.
12. Indemnification: The Tenant shall indemnify the Board, the City of Toronto and the Canadian National Exhibition Association against any and all claims and damages arising as a result of the Tenant's occupation and use of the Leased Property.
13. Parking: The Board retains all rights to all parking facilities and the revenues derived therefrom. The Board will provide five (5) parking permits to Exhibition Place for use by the Tenant's staff throughout the Term, except during the Toronto Grand Prix and the CNE. The parking permits allow the permit holder a right in common with all other permit holders to park in the parking facilities at Exhibition Place, but do not provide a reserved spot or guarantee the availability of a space in a particular location or parking lot. The parking permits will not permit access to Exhibition Place parking facilities during the Toronto Grand Prix or the CNE.

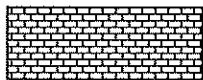
Appendix C



**MUSIC BUILDING - MAIN FLOOR**



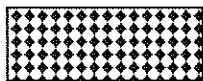
**Pod 1 – Sustainable Condo**



**Pod 2 – Flexible Space**



**Pod 3 – Toronto Fashion Incubato**



**Common Building Area**