

Bill No. 369
2023

By-law No. A.- _____ - ____

A by-law to authorize and approve an Amending Agreement with respect to the Participatory Occupancy Lease for Budweiser Gardens and to authorize the Mayor and the City Clerk to execute the Amending Agreement.

WHEREAS subsection 5(3) of the Municipal Act, 2001, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the Municipal Act, 2001 provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS in 2001, The Corporation of the City of London, Royal Trust Corporation of Canada and Global Spectrum Facility Management formed the London Civic Centre Limited Partnership and jointly agreed to a Participatory Occupancy Lease (POL) for the facility now known as “Budweiser Gardens”;

AND WHEREAS amendments to the POL are desired by all parties to the Lease to permit the expansion and renovation of the building as set forth in Section 32.2 of the POL;

AND WHEREAS amendments to the POL are desired by all parties to adjust the distribution of cash flow as set forth in Section 5.4(v)(d) of the POL;

AND WHEREAS amendments to the POL are desired by all parties to adjust the deficiencies cap as set forth in Section 5.14(i) of the POL;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Amending Agreement between The Corporation of the City of London, Royal Trust Corporation of Canada as Trustee of the City of London Area Trust and the London Civic Centre Limited Partnership with respect to the Participatory Occupancy Lease for Budweiser Gardens (the “Amending Agreement”), attached hereto as Schedule “A”, is hereby authorized and approved.
2. The Mayor and the City Clerk are authorized to execute the Amending Agreement authorized and approved in section 1.
3. This by-law comes into effect on the day it is passed subject to the provisions of PART VI.1 of the *Municipal Act*, 2001.

Passed in Open Council on October 17, 2023 subject to the provisions of PART VI.1 of the *Municipal Act*, 2001.

Josh Morgan
Mayor

Michael Schulthess
City Clerk

First Reading – October 17, 2023
Second Reading – October 17, 2023
Third Reading – October 17, 2023

AMENDMENT TO PARTICIPATORY OCCUPANCY LEASE

This Amendment to Participatory Occupancy Lease (this “**Amendment**”) is entered into as of the day of 2023 among Royal Trust Corporation of Canada as Trustee of the City of London Arena Trust (“**Landlord**”), London Civic Centre Limited Partnership (“**Tenant**”) and The Corporation of the City of London (the “**City**”).

WHEREAS the Landlord, the Tenant, and the City and certain other parties entered into a Participatory Occupancy Lease dated June 20, 2001, as amended by an Amendment to Participatory Occupancy Lease dated May 24, 2017 and authorized and approved by City Council by By-Law No. A-7446-242 on August 30, 2016 (collectively the “**Lease**”), pursuant to which the Landlord demised and subleased the Land and leased the Building to the Tenant (as such terms are defined in the Lease) for a period of forty-nine years and eleven months;

AND WHEREAS Section 32.2 of the Lease provides, among other things, that the Lease may be Amended is only by written agreement of the Landlord, the City and the Tenant;

AND WHEREAS the Landlord, the Tenant and the City now desire to further amend the Lease as set forth below, and that this Amendment constitute written agreement to effect such amendments as set forth in Section 32.2 of the Lease.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties hereto, the Parties agree as follows:

1. Capitalized terms used in this Amendment and not otherwise defined in this Amendment shall have the meaning given to such terms in the Lease.
2. In this Amendment, the following words and expressions whenever used shall have the following meanings:
 - (a) “**Expansion Project**” means the expansion and renovation of the Building, as described in a proposal dated May, 2023 from OVG360 entitled “**Budweiser Gardens Proposed Renovation Plan**” (the “**OVG360 Proposal**”), a copy of which is attached hereto as Schedule “B”.
 - (b) “**Phase 1**” means the first phase of the Expansion Project, referred to and described as “Priority #1” in the OVG360 Proposal, which includes
 - (i) Level 100 Club Lounge Expansion;
 - (ii) Level 100 Multipurpose Event Space Expansion (partial shell);
 - (iii) Level 100 Knights Locker Room Renovation;
 - (iv) Level 200 Private Suites and Corridors Refresh;
 - (v) Level 200 East Bowl Loges;
 - (vi) General Food and Beverages Concessions Upgrades; and
 - (vii) General Audio/Visual and Technology Upgrades.

- (c) **“Phase 2”** means the second phase of the Expansion Project, referred to and described as “Priority #2” in the OVG360 Proposal, which includes
- (i) The remainder of the Level 100 Multipurpose Event Space;
 - (ii) Level 100 Office Renovation;
 - (iii) Level 200 Backstage Club/Kitchen;
 - (iv) Level 200 Administrative Office Expansion and Refresh;
 - (v) Level 300 Feature Bar at North Concourse; and
 - (vi) General Audio/Visual and Technology Upgrades.
3. The proposed costs of the Expansion Project (the **“Expansion Project Costs”**), and the contributions of the City and the Tenant to those costs, on an 80% / 20% sharing of costs basis, as set out in the OVG360 Proposal, are:
- (a) Phase 1 Costs - \$15,146,900
 - (i) Contribution by the City - \$ 9,000,000
 - (ii) Contribution by the Tenant - \$ 6,146,900
 - (b) Phase 2 Costs - \$18,191,000
 - (i) Contribution by the City - \$17,670,320
 - (ii) Contribution by the Tenant - \$ 520,680
 - (c) Total Cost of Phase 1 and Phase 2 - \$33,337,900
 - (i) Total Contribution by the City - \$26,670,320
(80% of Total Phase 1 and Phase 2 Costs)
 - (ii) Total Contribution by the Tenant - \$ 6,667,580
(20% of Total Phase 1 and Phase 2 Costs)
4. The Landlord, City and the Tenant agree that, subject to Section 6 of this Amendment, the responsibility for payment of the Expansion Project Costs for Phase 1, as set out in Section 3(a) of this Amendment, shall be divided between the City and the Tenant as set out in Section 3(a) of this Amendment and, subject to Sections 6 and 9 of this Amendment, the responsibility for payment of the Expansion Project Costs for Phase 2, as set out in Section 3(b) of this Amendment, shall be divided between the City and the Tenant as set out in Section 3(b) of this Amendment.
5. Any and all construction contracts entered into for the Phase 1 and/or Phase 2 work described in this Amendment shall be entered into by Tenant and shall be Fixed Price Construction Contracts and shall be in a form approved by the City.
6. (a) The City shall have no responsibility for any costs or liabilities in connection with the construction of Phase 1 work above the amount of \$9,000,000, as set out in Section 3(a) above, plus applicable taxes, other than cost overruns resulting from City Initiated Changes.
- (b) Subject to Section 9 of this Amendment, the City shall have no responsibility for any costs of Phase 2 work above the amount of

\$17,670,320.00, as set out in Section 3(b) above, plus applicable taxes, other than cost overruns resulting from City Initiated Charges.

- (c) For purposes of this Amendment, City Initiated Changes shall also include changes to Phase 1 and/or Phase 2 work (or otherwise to the agreed upon project plans) that are required or requested by the City or Landlord.
7. The “70%” figure in Section 5.4(v)(d)(A) of the Lease
 - (a) shall continue to apply for the first five (5) Fiscal Periods after Substantial Completion of the Phase 1 work; and
 - (b) shall be amended to be “60% for each Fiscal Period thereafter.
 8. The current Deficiencies Cap of Eight Hundred and Eighty Thousand Dollars (\$880,000.00), calculated pursuant to Section 5.14(i) of the Lease, is hereby amended and reduced to Five Hundred Thousand Dollars (\$500,000.00) for the first Fiscal Period after the Phase 1 work has been Substantially Completed, and for each subsequent Fiscal Period the Deficiencies Cap shall be the product of the Deficiencies Cap for the immediately preceding Fiscal Period multiplied by the CPI Change
 9. The provisions in this Amendment apply to Phase 1 but the provisions in this Amendment will only apply to Phase 2 once City Council has authorized and approved Phase 2. For clarity, until City Council authorizes and approves Phase 2, neither the City nor Tenant has any obligation to proceed with Phase 2. If City Council fails to authorize and approve Phase 2, the terms of this Amendment related to Phase 2 shall be null and void.
 10. To the extent the Lease is inconsistent with the foregoing terms, the Lease shall be deemed to be amended hereby. All references to the Lease in the Lease or in any other document referencing the Lease shall be deemed to refer to the Lease as amended hereby. Except for the modifications set forth above, all of the provisions of the Lease shall remain unmodified and in full force and effect.
 11. This Amendment shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Amendment as of the date first set forth above.

(signature page follows)

**ROYAL TRUST CORPORATION OF CANADA, AS
TRUSTEE OF THE CITY OF LONDON ARENA
TRUST**

By: _____
Name:
Title:

By: _____
Name:
Title:

**LONDON CIVIC CENTRE LIMITED PARTNERSHIP
By its general partner, LONDON CIVIC CENTRE
CORPORATION**

By: _____
Name:
Title:

By: _____
Name:
Title:

THE CORPORATION OF THE CITY OF LONDON

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule B

Budweiser Gardens Proposed Renovation Plan (the "OVG360 Proposal")

Attached.

BUDWEISER GARDENS PROPOSED RENOVATION PLAN

MAY 2023

BRISBIN
BROOK
BEYNON
ARCHITECTS



London
CANADA

OVG
OAK VIEW GROUP

HOW WE GOT HERE

- ❖ In 2001 Global Spectrum (now OVG360) partnered with Ellis-Don to create the London Civic Centre, LP (LCC) and established a public-private partnership with the City of London to develop a new arena.
- ❖ Peter Luukko, Brian Ohl and Jim King were all part of the team that negotiated and signed the original contract with the City.
- ❖ OVG360 has been a partner of the venue since groundbreaking when we operated as Global Spectrum, then Spectra, and now OVG360
- ❖ The venue celebrated its 20th Anniversary on October 2, 2022
- ❖ OVG360 has recently completed six new arena projects across North America and a modernization of the arena in Baltimore.
- ❖ When the original contract was signed over twenty years ago, there was an understanding that upgrades would be a necessity in the future. We now have an excellent opportunity to accomplish the necessary betterments with little impact on business.



WHY RE-INVEST IN BUDWEISER GARDENS

Budweiser Gardens has established itself as a well renowned and respected venue within the sports and entertainment industry, both nationally and internationally. This has been shown through the numerous venue accolades it has received including:

- ❖ 2010 and 2012 Canadian Venue of the Year at the Canadian Music and Broadcast Industry Awards
- ❖ Hosted the 2019 Canadian Juno Awards in March 2019
- ❖ 2014 Large Business of the Year award at the London Business Achievement Awards sponsored by the London Chamber of Commerce
- ❖ 2019 Best Teamwork in a Major Arena at the Live Music Industry Awards
- ❖ 2021 Corporate Icon Award at the London Business Achievement Awards sponsored by the London Chamber of Commerce
- ❖ Hosted 2019 Canadian Juno Awards
- ❖ Hosted the 2016 and 2021 Canadian Country Music Awards
- ❖ Hosted the Memorial Cup in 2005 and 2014, The World Figure Skating Championships in 2012 and the Tim Horton's Brier in 2011 and 2023

** Each of these events required additional temporary infrastructure to be erected to meet the needs of the event, which added considerable costs to event organizers and will be a roadblock for hosting future events.

WHY RE-INVEST IN BUDWEISER GARDENS CONTINUED

- ❖ The 10,000 SF of multi-purpose event space in the proposed expansion will alleviate the need for temporary infrastructure and reduce costs for the organizers, making London a desirable option to host future high-profile events again.
- ❖ The expansion of Budweiser Gardens will allow the London Knights to have the modern facilities that have become the expectation in the Canadian Hockey League.

WHAT THE RENOVATION WILL ACCOMPLISH

The renovation will introduce new revenue streams and increase existing revenue opportunities while significantly upgrading the patron experience at the venue through:

- ✓ Upgrade of existing suites
- ✓ Expansion of the existing Club Lounge
- ✓ Addition of East Bowl loge boxes
- ✓ Upgrade Food and Beverage programs with new technology
- ✓ New centre hung scoreboard

Additionally, renovating and upgrading the London Knights facilities will have a positive effect on on-going contract negotiations and continued Knight's success.

PROPOSED BUSINESS TERMS

- ❖ London Civic Centre, LP (LCC) agreement is through May 2051
 - Profit share with City of 70/30 (City/LCC) for first 5 years
 - Profit share with City is revised to 60/40 (City/LCC) after 5 years
 - Deficiencies cap related to Covid losses reduced from \$880k to \$500k to ensure greater cash flow to City in near term
 - Approval of Food and Beverage contract through May 2051 to coincide with the LCC agreement terms
 - Other current terms remain intact, including cashflow deficiencies protection for the City

PROPOSED PROJECT COSTS

❖	Full Project Costs (both phases):	\$33,337,900	
	▪ London Civic Centre investment	\$6,667,580	20%
	▪ Public investment	\$26,670,320	80%
❖	Phase I Costs	\$15,146,900	
	▪ City - \$9,000,000		
	▪ London Civic Centre - \$6,146,900		
❖	Phase II Costs	\$18,191,000	
	▪ City - \$17,670,320		
	▪ London Civic Centre - \$520,680		

RENOVATION PROJECTS PRIORITY PHASING

PRIORITY #1

L100 Club Lounge Expansion	2,800 SF x \$600	\$1,680,000
L100 Multipurpose Event Space Expansion - (PARTIAL SHELL) 1/3 OF FOOTPRINT	4,800 SF x \$725	\$3,480,000
L100 Knights LR Renovation	6,200 SF x \$400	\$2,480,000
L200 Private Suites & Corridors Refresh	14,090 SF x \$110	\$1,549,900
L200 Develop East Bowl Loges	1,345 SF x \$600	\$807,000
General Food & Beverage Concessions Upgrade	Lump Sum	\$3,250,000
General AV/Technology Upgrades	Lump Sum	\$1,900,000
Total		\$15,146,900

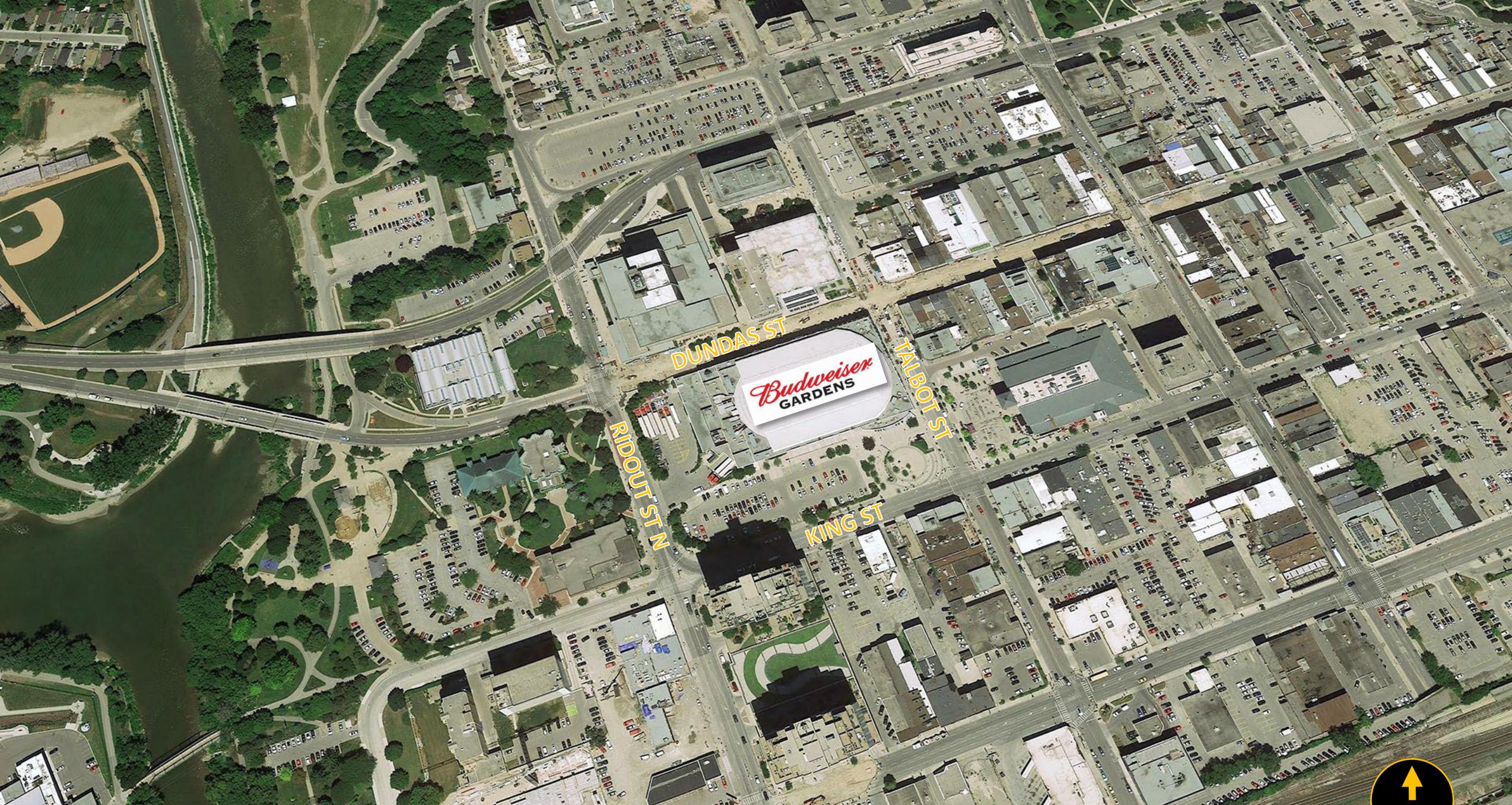
PRIORITY #2

L100 Multipurpose Event Space Expansion - (PARTIAL SHELL) 2/3 OF FOOTPRINT	9,600 SF x \$735	\$7,056,000
L100 Office Renovation	2,400 SF x \$750	\$1,800,000
L200 Backstage Club/Kitchen	8,180 SF x \$825	\$6,748,500
L200 Admin Office Expand/Refresh	9,230 SF x \$50	\$461,500
L300 Feature Bar at North Concourse	750 SF x \$700	\$525,000
General AV/Technology Upgrades	Lump Sum	\$1,600,000
Total		\$18,191,000

PROJECTED ANNUAL REVENUE

Projected net available cash flow after completion of both phases
\$2,062,000

Current year projection is \$265,000



DUNDAS ST

TALBOT ST

RIDOUT ST N

KING ST

Budweiser
GARDENS



DUNDAS STREET WEST

4 BAYS FOR PHASE 1

446m² (4,800 SF)

32,617
3 STRUCTURAL BAYS

41,170
4 STRUCTURAL BAYS

RIDOUT STREET

TALBOT STREET

KNIGHTS OFFICE
220m² (2,400 SF)

LOBBY

**MULTI-PURPOSE
EVENT SPACE**
930m² (10,000 SF)

**KNIGHTS LR
RENOVATION**
575m² (6,200 SF)

STAND #6
55m² (590 SF)

STAND #5
55m² (590 SF)

STAND #4
40m² (430 SF)

**F&B CONCESSIONS
UPGRADE**
251m² (2,805 SF)

STAND #2
51m² (555 SF)

STAND #3
50m² (540 SF)

CLUB LOUNGE EXPANSION 260m² (2,800 SF)

EXISTING
PARKING

***NOTE*:
PROPOSED EXPANSION AREAS
ANNOTATED WITH DIAGONAL HATCHING**









Burdweiser
GARDENS

THANK YOU

**BRISBIN
BROOK
BEYNON**
ARCHITECTS



London
CANADA



OAK VIEW GROUP