





Hamilton

# INFORMATION REPORT

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	September 4, 2024
<b>SUBJECT/REPORT NO:</b>	Downtown Entertainment District Annual Status Update 2024 (PED24089(a)) (Ward 2)
<b>WARD(S) AFFECTED:</b>	Ward 2
<b>PREPARED BY:</b>	Joshua Van Kampen (905) 546-2424 Ext. 4592
<b>SUBMITTED BY:</b>	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
<b>SIGNATURE:</b>	
<b>SUBMITTED BY:</b>	Ray Kessler Chief Corporate Real Estate Officer Planning and Economic Development Department
<b>SIGNATURE:</b>	

**Discussion of Confidential Appendix “A” to this Report in closed session is subject to the following requirement(s) of the City of Hamilton’s Procedural By-law and the *Municipal Act, 2001*:**

- Proposed or pending acquisition or disposition of land by the City;
- A trade secret or scientific, technical, commercial or financial information that belongs to the municipality or local board and has monetary value or potential monetary value; and,
- A position, plan, procedure, criteria, or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

## **RATIONALE FOR CONFIDENTIALITY**

Confidential Appendix “A” to Report PED24089(a), this Report includes information relates to on-going negotiations, commercial and financial information, and matters respecting on-going negotiations involving transactions and agreements, which are appropriate to address in-camera pursuant to the *Municipal Act, 2001*.

## **RATIONALE FOR MAINTAINING CONFIDENTIALITY**

Confidential Appendix “A” to PED24089(a), this Report is to remain confidential as negotiations are on-going, and transactions have not been completed.

## **COUNCIL DIRECTION**

Council at its meeting of the General Issues Committee on March 23, 2022, approved the following recommendation:

That staff be directed to report back annually on the operations of the Hamilton Urban Precinct Entertainment Group L.P with regard to the lands known as the FirstOntario Centre, the Hamilton Convention Centre and the FirstOntario Concert Hall, and report back to the General Issues Committee.

This report was prepared to provide the annual update from July 2023 – June 2024.

## **INFORMATION**

This Information Report presents an overview of the milestones achieved with the City Hamilton Urban Precinct Entertainment Group L.P and the Oak View Group over the past year to date. The previous annual update was provided to Council on July 14, 2023, through PED23175.

For context there are four main agreements guiding the Entertainment District, encompassing the Arena, Convention Centre, and the Concert Hall:

### **(1) Master Agreement**

This agreement was executed on October 26, 2021, which represents a broader contractual arrangement between the City of Hamilton and Hamilton Urban Precinct Entertainment Group L.P, encompassing various aspects of development and economic initiatives. It include provisions for the economic incentives, public-private partnerships, and other strategic initiatives aimed at fostering growth and development within the entertainment district. The master

agreement serves as a framework for collaboration and outlines the respective roles, responsibilities, and commitments of both parties over a specified period;

**(2) Arena Lease**

This agreement with Hamilton Arena Partnership Limited (controlled by Oak View Group) outlines the terms and conditions for leasing the Arena. The arena lease was effective as of May 13, 2024, with Oak View Group and the City of Hamilton. Previously, the Arena Lease was between Hamilton Urban Precinct Entertainment Group L.P and the City of Hamilton, effective Jan 1, 2023 – May 12, 2024. It covers various aspects such as the duration of the lease (49 years), fees, maintenance responsibilities, usage rights, and provisions for the renovations to the arena;

**(3) Convention Centre Lease**

Hamilton Urban Precinct Entertainment Group holds the lease for Convention Centre effective as of Jan 1, 2023. Similar to the lease with the Hamilton Arena Partnership Limited (controlled by Oak View Group), this agreement pertains to the lease with the convention centre for 49 years as well as detailing maintenance obligations, usage permissions, conditions of the renovations to the convention centre, restrictions of use for events held at the Convention Centre; and,

**(4) Concert Hall Lease**

Hamilton Urban Precinct Entertainment Group L.P holds the lease for the Concert Hall as of Jan 1, 2023, but it is anticipated that the lease will be replaced by lease with Hamilton Arena Partnership Limited (controlled by Oak View Group) for the concert hall. The City and Oak View Group are in current negotiations of the lease to replace the current lease held by Hamilton Urban Precinct Entertainment Group L.P. holds with the Concert Hall and The City of Hamilton. This idea has been contemplated since the Oak View Group has entered into a partnership with Hamilton Urban Precinct Entertainment Group L.P.

The following provides an update on outcomes for the prior year (up to June 30, 2024):

**Finalization of the Arena Lease with the Oak View Group**

In October of 2023 the City finalized and executed an agreement with Hamilton Arena Partnership Limited, an entity controlled by the Oak View Group, for a long-term lease to replace Hamilton Urban Precinct Entertainment Group L.P. as the tenant and

operator of the Arena. The lease commenced on May 13, 2024, and coincides with the beginning of the construction period for renovation of the Arena.

### **Finalization of the Concert Hall Lease with the Oak View Group**

The lease with the Concert Hall is still in negotiations with The Oak View Group and is anticipated to be completed in Q3 of 2024. This lease will replace the current lease in place between Hamilton Urban Precinct Entertainment Group. This is the same concept as the Arena Lease arrangement.

### **Municipal Capital Facility for New Lease Agreements for the Arena and Concert Hall**

In November of 2023 a Municipal Capital Facility by-law was approved by Council that is reflective of the new leases with Hamilton Arena Partnership Limited for the arena and concert hall. A Municipal Capital Facility bylaw has been in place for the Hamilton Urban Precinct Entertainment Group L.P lease - a new bylaw was a requirement for the new lease agreements.

### **Arena Construction**

The Oak View Group applied for two building permits for the Arena, in December of 2023 and February of 2024, which are permits for foundation and alteration work, and demolition work, respectively. To date these permits have been issued. In April of 2024 the Oak View Group has applied for the final building permit, which is currently in review with the city, with the anticipated issuance being in Q3 of 2024.

In preparation for the start of construction, the arena was shut down after the Toronto Rock played their last home playoff game on May 3, 2024. This closure allows for the necessary preparations to be made for the construction process to begin smoothly. Construction of the arena commenced in May 2024. Ground-breaking took place on May 16, 2024, marking the official start of the construction phase. The Arena is scheduled to open in the Fall of 2025 after an anticipated renovation value of \$280M.

The renovation project encompasses a comprehensive overhaul aimed at redefining the venue's aesthetic appeal, functionality, and overall guest experience. Inside the venue, the renovation will introduce premium seating options, elevating the comfort and luxury for patrons attending events. These premium seats will offer unparalleled views of the stage or performance area, providing guests with an enhanced experience that combines exceptional sightlines with plush amenities.

Enhanced acoustics represent another key focus of the renovation, aimed at optimizing sound quality throughout the venue. By implementing advanced sound engineering

techniques and materials, the renovated space will deliver immersive audio experiences, ensuring that every note, speech, or performance resonates with clarity and brilliance.

Improved sightlines are essential to ensuring that every seat in the house offers an optimal view of the stage or event space. Through strategic redesign and layout adjustments, the renovation will eliminate obstructed views and enhance sightlines, ensuring that guests can fully immerse themselves in the action, regardless of their seating location.

Upgraded concourses will provide guests with more spacious and streamlined circulation areas, enhancing accessibility and comfort during events. These revitalized concourses will feature modern amenities, including expanded concessions to enrich the overall guest experience.

The renovation will also introduce new clubs and suites, offering premium hospitality experiences for guests seeking elevated amenities and personalized service.

Additionally, artist lounges will be incorporated into the venue's design, providing performers with comfortable and private spaces to relax and prepare before taking the stage. These artist lounges will feature amenities tailored to the unique needs of performers, ensuring they feel welcomed and supported throughout their time at the venue.

The renovation project is slated for completion in fall 2025.

### **Convention Centre Construction**

The \$10M re-development of the convention centre is somewhat delayed and is currently scheduled to commence in Q3 of 2024. This phase of the project represents a significant milestone in the overall development of the Entertainment Precinct. Preparatory work, including site preparation and logistical planning, is underway to ensure a smooth transition for the re-development of the convention centre. The convention centre will remain open during the re-development and will be completed by December 2025 by the Hamilton Urban Precinct Entertainment Group L.P.

The anticipated renovation aims to significantly elevate several key areas within the building. Primarily, it seeks to enhance the lobby, transforming it into a welcoming and impressive space that sets the tone for the entire venue. This enhancement may involve modernizing the décor, improving lighting, and incorporating elements of architectural significance to create a memorable first impression for visitors.

Additionally, the renovation will focus on upgrading various ballrooms, ensuring they are not only aesthetically pleasing but also equipped with state-of-the-art amenities to accommodate a wide range of events and gatherings. This involves redesigning the layout for better flow, upgrading audio-visual systems to support presentations and entertainment, and enhancing acoustics to optimize the guest experience.

The kitchen is another crucial area slated for improvement. By modernizing kitchen facilities, including equipment and layout, the venue can elevate its culinary offerings and catering capabilities, meeting the diverse needs and expectations of event organizers and attendees.

Furthermore, the renovation will address structural and mechanical components of the building to ensure safety, functionality, and energy efficiency. This may involve reinforcing the building's framework, upgrading Heating Ventilation Air Conditioning systems, and enhancing overall infrastructure to meet current standards and regulations.

To minimize disruption to ongoing operations, the timeline of the renovation will be carefully staged. By phasing the renovation process, the aim is to avoid the need for a full closure of the building. Instead, specific areas will undergo renovation sequentially, allowing other parts of the building to remain accessible and operational. This staged approach ensures continuity of service for clients and patrons while still achieving the desired upgrades and improvements.

### **Art Gallery of Hamilton Contribution**

Under the Master Agreement between Hamilton Urban Precinct Entertainment Group L.P and the City, Hamilton Urban Precinct Entertainment Group L.P committed to a 20-year annual \$100,000 contribution to the Art Gallery of Hamilton, beginning in 2023, totalling \$2 million. City staff understand that a formal contribution agreement between the parties (Art Gallery of Hamilton and Hamilton Urban Precinct Entertainment Group L.P) is being prepared, with HUPEG having made some contributions in the interim.

### **APPENDICES AND SCHEDULES ATTACHED**

Confidential Appendix "A" to Report PED24089(a) – Compliance Issues in Master Agreement and Lease Execution