

Union Station Revitalization Award of Contracts

Date:	October 28, 2009
To:	Government Management Committee
From:	Chief Corporate Officer and Director, Purchasing & Materials Management

CONFIDENTIAL RECOMMENDATIONS

The Chief Corporate Officer recommends that City Council:

1. Authorize the City to enter into a Leasing Management Agreement with Redcliff Realty Management Inc., rather than as part of the Head Lease Agreement with the Head Lessee, Redcliff (Union Station) Inc., substantially on the terms approved by City Council at its meeting on August 5 and 6, 2009 (EX33.44) and such other terms and conditions as may be satisfactory to the Chief Corporate Officer and in a form satisfactory to the City Solicitor.

CONFIDENTIAL INFORMATION

Leasing Management Agreement

Council previously authorized the City to include provisions in the Head Lease Agreement for the Head Lessee to be the City's leasing manager of the commercial/retail components of the Station from the fall of 2009 until 2016, when the new retail concourse is expected to be ready for the Head Lessee and its tenants. Through discussions with the Head Lessee, it has been determined that it would be more appropriate for the City to enter into a Leasing Management Agreement with the Head Lessee's related property management corporation, Redcliff Realty Management Inc., who provide the leasing expertise under the umbrella of the Head Lessee.

Revised Terms and Conditions of Sale to Metrolinx of West Wing Strata Property and Lease of Additional Office Space

The financial arrangement that was reported to Council in a Confidential Attachment in December, 2008 for the sale of part of the West Wing and the long-term lease of parts of the West Wing and Centre Block was that Metrolinx would pay an up-front capitalized

payment of \$39,000,000 on closing and that the City would complete the base building work following closing. Metrolinx has recently advised, however, that due to Provincial funding requirements, the \$39,000,000 cannot be paid to the City as an up-front payment but that it must instead be paid as progress payments, as the base building work is carried out. Accordingly, the West Wing Strata Property will be conveyed to Metrolinx after the base building work has been completed.

Metrolinx Agreements – Outstanding Business Issues

The major outstanding business issues that remain to be resolved are the arrangements applicable to the sharing of revenues from retail located within the two Metrolinx concourses and shared security responsibilities. Both parties agree that the agreements can be finalized now on terms which provide for these two issues to be resolved over the next two years.