

September 10, 2013

Appendix 2: Term Sheet

SECTION 37 TERM SHEET FOR CITY SPACE
AT THE CONDOMINIUM TO BE CONSTRUCTED AT 200 DUNDAS STREET EAST
(the "Project")

1. **Owner:** The term "Owner" in the term sheet and s. 37 agreement shall refer the owner, future successors and assigns, and may include owners in a future residential condominium or condominiums.
2. **Transfer of City Space:** The owner of the property municipally known as 200 Dundas Street East, 241-251 Jarvis Street and 280 George Street (the "**Owner**") shall convey to the City or to whom the City directs, for nominal consideration, space in the Project having an area of no less than 1,300 m², (the "**City Space**") substantially in the location and as set out in the Building Renderings and Drawing List dated March 26, 2013 relating to 200 Dundas Street East, 241-251 Jarvis Street and 280 George Street, Toronto prepared by Page and Steele Architects to be constructed on the terms set out in this Term Sheet, at the expense of the Owner, and such other terms as acceptable to the parties acting reasonably.
2. **Calculation of Area:** The area of the City Space shall be calculated by the Owner's surveyor or architect. A certificate from the surveyor or architect shall be binding on the parties and shall be conclusive evidence of the facts stated therein.
3. **Cash Contribution:** The Owner will provide the City with a cash contribution of \$250,000.00 payable prior to the issuance of the first above-grade building permit for the development, with such amount to be indexed upwardly in accordance with the Statistics Canada Non-Residential Construction Price Index for Toronto, calculated from the date of the Section 37 Agreement to the date of payment.
4. **Ownership and Title:** The City Space shall be conveyed by the Owner to the City as a freehold stratified fee simple interest, free and clear of all charges, liens, registered restrictions and other encumbrances of any kind except any Easement and Cost Sharing Agreement (the "**ECA**") required pursuant to this term sheet and the Section 37 Agreement (the "**Permitted Encumbrances**"). Upon completion of the conveyance, the Owner shall provide, at its cost, its lawyer's legal opinion, addressed to the City and in a form satisfactory to the City Solicitor, confirming that the City is obtaining good and marketable title in fee simple to the City Space free and clear of all charges, liens, registered restrictions and other encumbrances of any kind, except the Permitted Encumbrances.
5. **Timing of Conveyance:** The City Space shall be conveyed to the City on or before registration of the condominium in relation to the Project, or in the event that a

condominium is not being registered, at such time as units in the Project are being made available for occupancy (the "**Conveyance Date**").

6. Other Terms Relating to City Space: The City Space will have access to and use of all areas located in the Project reasonably necessary for the operation, use, repair and maintenance of the City Space. For greater certainty, further particulars of the City Space follow:

- a) The City Space shall be divided as follows:
 - (i) the ground floor area (the "**City Retail Space**") having a floor area of not less than 219 m², (including 39 m² of lobby space), and
 - (ii) the second floor area (the "**City Cultural Facility Space**") having a floor area of not less than 1081.03 m².
- b) The City Space shall have access to George Street through the first floor lobby being constructed as part of the City Space.
- c) Each separate unit of the City Retail Space shall have direct access to George Street.
- d) Each of the City Retail Space and the City Cultural Facility Space will have internal access and use of the loading and garbage areas, and service corridors of the Project. All of the access routes shall be functional and not require special care and attention to gain access to the service corridor leading to the loading and garbage facility.
- e) The City Cultural Facility Space on the second floor shall have windows along the north wall to the satisfaction of the Chief Planner of the City.
- f) The Owner shall provide at its cost the required containers to be able to meet the City's waste diversion program.
- g) The City shall pay for utilities consumed in the City Space. The utilities will be separately sub-metered and paid by the City (or its tenant, or licensee or occupier) directly to the Owner with no administration fee or charge whatsoever. The meters will be installed by the Owner at the Owner's expense.
- h) The City Space will be heated and cooled by the central building HVAC system. For greater certainty, the Owner acknowledges and agrees that the City Space shall not have an HVAC system installed within the City Space but will be supplied from the central building HVAC system serving the complex as a whole.
- i) The City shall pay a percentage of a pro-rata share of operating costs for shared facilities it has continuous and regular use of, being the access driveway, loading area, garbage disposal area, the public washrooms, the service corridors to get to the above areas and

service elevator (the “**Shared Facilities**”). The aforementioned percentage to be determined by the Director of Real Estate Services, acting reasonably.

- j) The City Space shall comply with the *Accessibility for Ontarians with Disabilities Act, 2005*.
- k) The Owner shall construct and complete the City Space in accordance with the Section 37 Agreement and the standards contained herein. The Owner agrees to consult with the City on the construction and update the City periodically, acting reasonably, on the status of the construction.
- l) Although the City Space may be used for any use permitted by the Official Plan and Zoning By-law 569-2013, as amended from time to time, the City expressly agrees that the City Space will not be used for methadone clinics, *adult entertainment, amusement arcades, body rub services, gaming establishments, group homes, hospitals, hospice care homes, municipal shelters, night clubs, nursing homes, residential care homes, and respite care facilities*.
- m) The Owner shall provide a one-year construction warranty for the City Space and agrees to correct any deficiencies with a reasonable time.

7. Easement and Cost-Sharing Agreement: The City and the Owner will enter into an ECA on or before the Conveyance Date to facilitate the integration of the various elements of the Project and the City Space. The ECA will be on such terms as agreed upon by Chief Corporate Officer and in a form satisfactory to the City Solicitor and shall include but not be limited to the following:

- a) The City, its employees, tenants, licensees, occupiers, invitees, users, patrons et al. of the City Space shall have access and use of the Shared Facilities including the right of access to the public washrooms located on the ground floor of the Project.
- b) The City shall not be responsible for repair, maintenance, or replacement, including capital expenditures, for any of the Shared Facilities except to the extent of its contribution for such costs as discussed herein.
- c) The City shall have full access to the Shared Facilities at all times.

8. Option Agreement: On the Conveyance Date, the Owner shall enter into a option agreement with the City, in a form satisfactory to the City Solicitor, acting reasonably, pursuant to which the City will have for a period of (2) two years following the Conveyance Date, the option to put the City Space back to the Owner requiring the Owner to purchase the City Space at fair market value (such value to be determined as of the date immediately preceding the date the City notifies the Owner that it is exercising its option).

9. Financial Matters:

- a) The Owner acknowledges that the City Space constitutes a Section 37 benefit and is being conveyed to the City at nominal cost. The City will not be responsible for any costs associated with the conveyance of the City Space, pursuant to the Section 37 Agreement;
- b) The Owner will pay all costs associated with conveyance of the City Space to the City, including any land transfer tax payable by the City in respect of the conveyance and any documents registered relating to the conveyance.

10. Interior Construction:

- a) The Owner shall construct the City Space to Base Building Standards entirely at its own costs. For the purpose of this Term sheet, "**Base Building Standards**" means: basic improvements including but not limited to, concrete floors (ready for application of a final finish); perimeter walls dry-walled, taped, sanded and primed; life safety systems and emergency lighting; lighting; electrical panel; heating and cooling and ventilation; plumbing (excluding internal distribution) as set out in this Term Sheet.
- b) The flooring, ceiling and wall finishes shall be constructed as set out in this Term Sheet. The City Space on turnover to the City will meet all the Ontario Building Code requirements, City By-law requirements and accessibility requirements, as well as health and safety requirements assuming the space is operated as an open-concept office on the second floor. The City and the Owner's architect will work to properly construct the City Space, as a quality of finishes consistent with the City standards and requirements necessary to operate the space to the satisfaction of the City as set out in this Term Sheet.
- c) The Owner's requirement on the type and degree of interior finish includes this section and attached Appendix "A" as well as any additional matters to which the parties, acting reasonably, agree.
- d) For greater certainty, the Owner acknowledges and agrees that it will be responsible at its sole cost for the initial and ongoing responsibility to install, supply, repair and maintain all the mechanical components servicing the City Space, without limitation this includes the HVAC system servicing the City Space, the electrical power and panel coming into the City Space, the plumbing coming into and outgoing from the City Space, including the installation of check meters for incoming hot and cold water supply lines, the sprinkler system and life and safety equipment, and the required intake and exhaust ventilation system.
- e) For greater certainty, the City Space shall have at minimum the following: Heating ventilation and air conditioning provided to the City Space. This will include the distribution network that will meet ASHRAE standards, an electrical panel and appropriate distribution of the electrical requirements to operate the City Space, the necessary plumbing system that would be required or requested by the City, this would include but not be limited to bathrooms, janitorial closet, kitchen and any other requirements needed by the City for the proposed use. The flooring, ceiling and wall

finishes shall be determined by the City in accordance with the type of use the unit will be constructed and as set out in this Term Sheet.

APPENDIX "A"

PLANS, OWNER'S APPROVAL AND CONDUCT OF WORK

1. After the completion of the architect and engineer's base building drawings, the Owner agrees to work with the City and to provide to the City, at its sole cost, a floor plan of Project and any other drawings required by the City for the review and design of the City Space. The Owner shall pay the total fee or expense charged or incurred by the Owner's architect and consultant's work in approving the drawings and the as-built architectural and engineering plans, the Owner will also at his sole cost review, and do periodic inspection of the site and construction of the City Space.
2. The Owner shall work with the City to prepare the design plans of the City Space, upon determination of any design by the City. Upon the City's satisfaction, the City shall provide written approval to the Owner that the requirements, drawings, specifications, construction schedules, sketches or blueprints prepared by the Owner's architect or engineer and any other documents or permits necessary for the City's work, illustrating the interior layout with sufficient detail, including how it affects the mechanical systems, electrical systems, fire/life safety and structural elements affecting the building. All copies of as-built drawings with any changes are to be prepared by the Owner, which shall be retained by the Owner with a copy provided to the City for its records.
3. Prior to performing any work, the Owner shall obtain all necessary consents, permits, licenses, certificates and inspections from all municipal, governmental and regulatory authorities having jurisdiction, and shall make available to the City copies of same and shall post permits as required. The Owner agrees to provide the City copies of any required occupancy permits (5) five days prior to first occupancy of any unit in the Project.
4. The opinion in writing of the City's approved architect or other qualified consultants shall be binding on both the Owner and the City respecting all matters of dispute regarding the Owner's work, including the state of completion and whether or not the Owner's work is completed in a good and workmanlike manner and in accordance with the City requirements, and plans as approved by the City and Owner.
5. The Owner shall be responsible, at the Owner's cost, for performance of fire protection work in the City Space as constructed to Base Building Standards together with any other Owner-related work in the Shared Facilities of the building.
6. All of the work by the Owner shall be performed by competent workmen whose labour affiliations are compatible with those employed by the City and its contractors and which will not result in work stoppages or delays in the construction and completion of the City Space.
7. The Owner is responsible for the cost of the removal of all construction debris.

- 8.** The Owner will comply with the City's Fair Wage Policy and the Labour Trades Contractual Obligations in the Construction Industry, if required.

OWNER'S WORK:

The Owner agrees to, at his/her own expense, install or perform for the City on or before receiving occupancy for the City Space:

WALL :	All exterior walls, columns and City's demising walls (i.e. only those demising walls required pursuant to this Term Sheet; see below Plumbing & Drainage). City's demising walls are on light gauge metal studs.
FLOORS :	The City Space floors shall be finished with steel trowelled concrete, ready for application of a final finished product. If City wishes to finish the floor in the City Space, the City may select from Owner selection, at no mark-up cost to the City.
CEILING :	Drop ceiling shall be installed suitable for the proposed use.
PLUMBING & DRAINAGE:	The Owner at his sole cost shall provide one washroom in the City Retail Space unless there is access from the City Retail Space to a bathroom on the main floor as a Shared Facility to the satisfaction of the City. The Owner at his sole cost shall provide at least one washroom in the City Cultural Facility Space and shall provide a janitorial closet. If the Ontario Building Code requires more than one washroom, the Owner at his sole cost shall provide the required washrooms in the City Space. For greater certainty, the Owner shall construct demising walls for the required washrooms and the janitorial closet and construct the necessary sanitary and water connections to the washrooms. The Owner at their sole cost shall install in each unit a water check meter and water usage for the City Space shall be at City's expense.
MECHANICAL SYSTEM :	Mechanical ventilation in compliance with Ontario Building Code, ASHRAE, and best industry practice, including fresh air and exhaust air, from a central system will be ducted and distributed to the City Space necessary to operate as an open-concept office space.
ELECTRICAL SYSTEM :	Electrical distribution including power panel, wiring, lighting fixtures, receptacles and wiring of HVAC equipment within the City Space shall be at the expense of the Owner. The Owner shall provide the appropriate power to a minimum 200 Amp disconnect panel as determined by the Executive Director of Technical Services. Electrical service for City Space will be check metered and power consumption within the City Space shall be City's expense.

SPRINKLER SYSTEM :	The Owner at his sole cost shall provide dropped heads or basic sprinkler system with upturned heads to suit an open-concept office space and required demised space, as set out in this Term Sheet.
COMMUNICATIONS:	A minimum of three 1” empty conduits will be provided from telephone to the City Space in locations to be agreed upon by the City and the Owner.