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February 28, 2017

Via Email

Without Prejudice and Confidential

Mark Crawford
City of Toronto, Legal Department
26th Floor - Metro Hall
55 John Street
Toronto ON M5V 3C6

Dear Sirs/Mesdames:

**Re: Settlement Offer
10 St. Mary Street, 79, 81 and 85 St. Nicholas Street (the "Lands")
RFT Holdings Corp.
OMB Case No. PL150634**

As you know, we are the solicitors acting on behalf of RFT Holdings Corp. (the "Company"). The Company is the owner of the Lands and is also the owner of the lands municipally known as 718 Yonge Street. On behalf of the Company, we are writing to propose the settlement of the above captioned appeal on the basis that:

1. The Company and the City of Toronto will jointly request that the Ontario Municipal Board, at the May 24, 2017 Settlement Hearing, approve zoning by-law amendments (i.e. in respect of each of By-laws 438-86 and 569-2013, as amended) for the Lands which would permit the construction and use of a mixed-use building substantially in accordance with the settlement plans (attached hereto) prepared by Architects Alliance Inc., as identified in Schedule "A" (the "Proposed Development");
2. The Company will enter into an Agreement with the City pursuant to Section 37 of the *Planning Act*, which secures, among other things, the payment of a cash contribution in the amount of \$2,000,000 at the time of the issuance of the first above-grade building permit to be allocated to certain community benefits in the vicinity of the Lands;
3. City Council direct Staff to report to the Toronto Preservation Board at its meeting scheduled to commence on April 20, 2017 (the "Heritage Report") with recommendations regarding, among other things, the approval of the proposed alterations under the *Ontario Heritage Act* as described in the Revised Heritage Impact Assessment dated February 8, 2017 (the "Revised HIA"), and further direct that the Toronto Preservation Board report directly to City Council for its consideration and action in respect of the recommendations contained in such Heritage Report at its meeting scheduled to commence on April 26, 2017. In this regard, it is the Company's

understanding, based on discussions which took place during the course of mediation, that the Heritage Report will recommend, among other things:

- (a) that City Council designate the property municipally known as 718 Yonge Street under Part IV of the *Ontario Heritage Act*, and amend the Heritage Designation By-law for 81 St. Nicholas Street to include 85 St. Nicholas Street;
 - (b) that City Council authorize the entering into of two Heritage Easement Agreement for the Lands and 718 Yonge Street, respectively;
 - (c) that City Council permit the alterations, described collectively by the attached plans and the Revised HIA, to the existing office building (10 St. Mary Street) and 81 and 85 St. Nicholas Street; and
 - (d) that City Council require the completion of a Conservation Plan prepared by a qualified heritage consultant that is consistent with the Revised HIA, to the satisfaction of the Senior Manager, Heritage Preservation Services; and
4. City Council direct Staff to request the Ontario Municipal Board to approve such modifications, if any, as may be required to permit the Proposed Development to the Historic Yonge Heritage Conservation District, Official Plan Amendment No. 183, Official Plan Amendment No. 199 and Official Plan Amendment No. 231.

Further details of the proposed settlement are set out on the attached Mediation Summary which reflects our understanding of the settlement agreed to in principle between the Company and City Staff through the Ontario Municipal Board mediation process.

This proposed settlement is conditional on City Council accepting the proposal at its meeting scheduled to commence on March 9, 2017 and adopting the recommendations set out in the Heritage Report, as such recommendations are described herein, at the City Council meeting scheduled to commence on April 26, 2017.

Should you require further information please do not hesitate to contact the undersigned.

Yours truly,

McCarthy Tétrault LLP



Cynthia A. MacDougall

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SCHEDULE "A"

- (a) Drawing No. A.1 – Project Statistics, dated February 8, 2017;
- (b) Drawing No. A.2 – Renderings, dated February 8, 2017;
- (c) Drawing No. A.3 – Renderings, dated February 8, 2017;
- (d) Drawing No. A.4 – P2-P4, dated February 8, 2017;
- (e) Drawing No. A.5 – P1, dated February 8, 2017;
- (f) Drawing No. A.6 – Ground, dated February 27, 2017;
- (g) Drawing No. A.7 – Level 2, dated February 8, 2017;
- (h) Drawing No. A.8 – Level 3, dated February 8, 2017;
- (i) Drawing No. A.9 – Levels 4-8, dated February 8, 2017;
- (j) Drawing No. A.10 – Level 9, dated February 8, 2017;
- (k) Drawing No. A.11 – Level 10, dated February 8, 2017;
- (l) Drawing No. A.12 – Levels 11-25, dated February 8, 2017;
- (m) Drawing No. A.13 – Levels 26-42, dated February 8, 2017;
- (n) Drawing No. A.14 – Levels 43-51, dated February 8, 2017;
- (o) Drawing No. A.15 – Mechanical PH, dated February 8, 2017; and
- (p) Drawing No. A.16 – Building Elevations, dated February 27, 2017.

**Mediation Summary
City of Toronto and RFT Holdings Corp.**

WHEREAS RFT Holdings Corp. (the “Company”) is the owner of the lands located in the northwest quadrant of St. Mary Street and Yonge Street, municipally known as 10 St. Mary Street, 79, 81 and 85 St. Nicholas Street (the “Lands”), as well as a separate parcel located at 718 Yonge Street (the “Yonge Street Parcel”) in the City of Toronto;

AND WHEREAS the Company is the authorized agent for Lifetime St. Mary Inc. in respect of the proceedings contained in OMB Case No. PL150634 (the “Proceedings”) as well as the proceedings set out in Schedule “A” hereto;

AND WHEREAS the Company and the City (collectively, the “Parties”) have resolved certain matters in principle with respect to the Proceeding as it applies to the Lands, as well as the Yonge Street Parcel, as enumerated below and which if collectively implemented would result in a settlement of the Proceedings as between the Parties;

1. City Staff will recommend the approval of the proposed development of the Lands substantially in accordance with the plans prepared by Architects Alliance, dated February 8, 2017 (the “Plans”) including but not limited to height, density, setbacks for the proposed tower as well as the proposed parking rates and indoor and outdoor amenity areas as reflected on the Project Statistics (A.1) with the permitted uses on the Lands to include uses typically permitted in a CR zone, subject to the total residential and non-residential gross floor area of all such uses on the Lands being substantially in accordance with the residential and non-residential gross floor area, respectively, as indicated on the Plans.
2. The Company will deliver a revised Heritage Impact Assessment (“HIA”), prepared by ERA Architects Inc. to the satisfaction of the Senior Manager, Heritage Preservation Services, which, among other things, clearly identifies the extent of the facades to be retained in-situ for the existing buildings at 81 and 85 St. Nicholas Street. In addition, the HIA shall identify the extent of the north and south facing walls to be reconstructed, and the method of reconstruction.
3. The Company shall, through its heritage architect, ERA Architects Inc., provide information to the City, as an addendum to the revised HIA, to assist in the preparation of the Statement of Significance for the proposed designation under Part IV of the *Ontario Heritage Act* of 718 Yonge Street and 85 St. Nicholas Street.
4. The Company shall make a contribution to the City in the amount of \$2,000,000 pursuant to Section 37 of the *Planning Act*, at the time of the first above grade building permit for the Lands, (not including demolition, excavation, shoring and foundation).
5. The Company and City Staff will implement the settlement contemplated by this summary as follows:
 - (a) the Company will prepare a formal (confidential/without prejudice) settlement offer to the City in accordance with the terms set out herein;
 - (b) City Staff will prepare a report, in accordance with the standard City protocols for confidential consideration, recommending approval of the settlement

contemplated by this summary, to be placed on the agenda for the March 9, 2017 meeting of City Council for Council's consideration and action;

- (c) City Staff will prepare a report to be placed on the agenda of the Toronto Preservation Board meeting of April 20, 2017 (the "Heritage Report"), which Heritage Report shall thereafter be forwarded for Council's consideration and action at the City Council meeting scheduled to commence on April 26, 2017. The Heritage Report shall recommend:
- (i) that City Council designate the property municipally known as 718 Yonge Street under Part IV of the *Ontario Heritage Act*, and amend the existing Heritage Designation By-law for 81 St. Nicholas Street to include 85 St. Nicholas Street;
 - (ii) that City Council authorize the entering into of two Heritage Easement Agreements, for the Lands and 718 Yonge Street, respectively, with the Company or its successor(s) consistent with the settlement contemplated in this summary;
 - (iii) that City Council permit the alterations, described collectively by the Plans and the revised HIA, to the existing office building (10 St. Mary Street) and 81 and 85 St. Nicholas Street, subject to the following conditions:
 - a) final and binding zoning by-law amendments applicable to the Lands;
 - b) prior to issuance of any heritage permit or building permit, the submission of building permit drawings for subject phase of work, including notes and specifications for the conservation and protective measures keyed to the approved Conservation Plan, including a description of materials and finishes, to be prepared by the project architect and a qualified heritage consultant, all to the satisfaction of the Senior Manager, Heritage Preservation Services; and
 - c) the submission of site plan drawings, satisfactory to the Senior Manager, Heritage Preservation Services; and
 - (iv) that City Council require the completion of a Conservation Plan prepared by a qualified heritage consultant that is consistent with the revised HIA, to the satisfaction of the Senior Manager, Heritage Preservation Services
- (d) the Parties will appear at the May 24, 2017 Settlement Hearing and jointly request the approval of a zoning by-law(s) (which the parties will work together to finalize in form and context) amendment which permits the proposed development of the Lands substantially in accordance with the Plans, and should the Board not so approve, the Parties shall jointly request the earliest possible hearing date for the amount of time reasonably requested to hear the matters, as necessary if proceeding with the Settlement Hearing on May 24, 2017 is disputed by third parties and the Board does not permit the proceeding to be heard.

6. The Company will provide notice in accordance with the Board's directions 60 days prior to the May 24, 2017 Settlement Hearing.
7. The Parties will jointly request that the Board withhold its Order until such time as the requirements of 5 (c) (i) above are finalized and the Company enters into:
 - (a) the three Heritage Easement Agreements described above with the City; and
 - (b) a Section 37 Agreement with the City generally in accordance with the settlement contemplated in this summary.
8. Upon the issuance of the Board's final order implementing the Settlement the Company will withdraw its appeals, or parts of its appeals, of Official Plan Amendment No. 183, Official Plan Amendment No. 199, Official Plan Amendment No. 231 (collectively, the "OPAs"), the Historic Yonge Heritage Conservation District (the "HCD") except where necessary to ensure that no term of the settlement contemplated herein is affected as to modify such OPA and HCD as may be necessary to implement this settlement.

SCHEDULE "A"

- City of Toronto Proposed Official Plan Amendment No. 183 – OMB Case No. PL131355
- City of Toronto Proposed Official Plan Amendment No. 199 – OMB Case No. PL131323
- City of Toronto Proposed Official Plan Amendment No. 231 – OMB Case No. PL140860
- Heritage Conservation District Study Area By-law (By-law 277-2015) – OMB Case No. MM150018
- Historic Yonge Heritage Conservation District Plan – OMB Case No. MM160035
- 10 St. Mary Street Demolition Permit Application – OMB Case No. PL160803