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Via Email

Without Prejudice and Confidential

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**Re: Settlement Offer
34-50 King Street East and 2 Toronto Street
Larco Investments Ltd.
LPAT Case No. PL170587**

We are the solicitors acting on behalf of Larco Investments Ltd. (the "Company"), the agent for the owners of the lands municipally known as 34-50 King Street East and 2 Toronto Street in the City of Toronto (the "Lands"). 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 Local Planning Appeal Tribunal (the "Tribunal"), at a Settlement Hearing (on a date to be scheduled by the Tribunal), 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 prepared by Architects Alliance Inc., dated April 4, 2018 and attached hereto (the "Settlement Plans"), all to the satisfaction of the Chief Planner and Executive Director, City Planning, and the City Solicitor, subject to the following conditions:
 - (a) the development will consist of a new tower with a maximum height of 112.7 metres including the mechanical penthouse, a maximum number of 33 storeys (not including mechanical penthouse), a maximum gross floor area of 25,100 square metres, including a minimum non-residential gross floor area of 9,800 square metres, where the retained heritage building at 50 King Street East and 2 Toronto Street shall only be used for non-residential purposes;
 - (b) floors 12 to 19 of the proposed building will not have primary windows (living room and bedroom windows) for residential units on the west building wall;
 - (c) the provision of a minimum of 1.0 square metres of outdoor amenity space per unit and 2.0 square metres of indoor amenity space per unit;

- (d) the provision of a pedestrian clearway adjacent to Victoria Street and the first storey wall facing west, with a minimum width of 1.43 metres between the southwest corner of such wall and the western property line. If the design of the parking garage requires that the pedestrian clearway taper at any point, such tapering must be to the satisfaction of City Planning, in consultation with Engineering and Construction Services. In any event, as part of the Site Plan Approval process, the Owner will explore options to eliminate or reduce any required tapering on the northern portion of the clearway with the objective of providing a continuous clearway which does not taper;
 - (e) the provision of a minimum of 30% of the residential dwelling units within the development as two-bedroom dwelling units or larger of which a minimum of 10% of the residential dwelling units within the development shall have 3 or more bedrooms;
 - (f) the City Solicitor has confirmed that the recommendations of the Functional Servicing Report, Stormwater Management Report, and Hydrogeological Report accepted by the Chief Engineer and Executive Director, Engineering and Construction Services, and the General Manager, Toronto Water, that any required changes have been made to the proposed amending by-laws to the satisfaction of the Chief Planner and Executive Director, City Planning, the Chief Engineer and Executive Director, Engineering and Construction Services, and the City Solicitor;
 - (g) the provision of a strata conveyance to the City for lane widening purposes, having a minimum depth of 1.2 metres below the surface and no encroachments or encumbrances, unless such encroachments and/or encumbrances are otherwise satisfactory to the City Solicitor, substantially in the locations shown on Drawing A1.7 of the Settlement Plans, to be secured as part of site plan approval; and
 - (h) the provision of a strata conveyance of an easement for the purpose of a 5 metre corner rounding at ground level to the City at King and Victoria Streets for road-widening purposes, with no encumbrances or encroachments, except as shown on the Settlement Plans or as otherwise may be satisfactory to the City Solicitor, substantially in the location shown on Drawing A1.7 of the Settlement Plans, to be secured as part of site plan approval. As part of the site plan approval, the Owner will explore options with respect to the design of the below grade parking with the objective of providing such corner rounding to a minimum depth of 1.2 metres below finished ground;
2. The Company will enter into an Agreement with the City pursuant to Section 37 of the *Planning Act*, which secures, among other things:
- (a) the payment of a cash contribution in the amount of \$2,000,000 prior to the issuance of the first above-grade building permit to be allocated to certain community benefits in the vicinity of the Lands within the boundaries of existing Ward 28 as it exists on May 22, 23, and 24, 2018; with the allocation of such funds to be determined between the Chief Planner and Executive Director, City

Planning in consultation with the Ward Councillor, and to be secured in the Amending By-laws and other matters referred to in City Council's decision and the report (May 14, 2018) from the City Solicitor;

- (b) in the event the cash contribution referred to above has not been used for the intended purpose within three (3) years of the Amending By-laws coming into full force and effect, the cash contribution may be redirected for another purpose, at the discretion of the Chief Planner and Executive Director, City Planning Division, in consultation with the Ward Councillor, provided that the purpose is identified in the Official Plan and will benefit the community in the vicinity of the lands;
- (c) the above noted \$2,000,000.00 cash contribution is to be indexed upwardly in accordance with the Statistics Canada Non-Residential Construction Price Index for Toronto, calculated from the date of the Tribunal decision to the date of payment;
- (d) the provision of a knock out panel, or panels, for a potential future PATH connection as part of site plan approval;
- (e) the retention of existing street trees along King Street East and submission of landscaping plans to indicate the retention of such trees as part of site plan approval;
- (f) a design of the proposal's south wall that is complementary to the existing south wall of the Quebec Bank building, as part of site plan approval;
- (g) the provision by the Company to the City, of a construction management plan prior to the issuance of any permit for the redevelopment of all or any part of the properties at 34-50 King Street East and 2 Toronto Street, including for clarity any heritage permit, building permit, or demolition permit, and thereafter implemented by the Company, to address such matters as noise, dust, street closures, parking and laneway uses and access; hours of construction; such plan to be to the satisfaction of the Chief Planner and Executive Director, City Planning Division, in consultation with the Ward Councillor;
- (h) the provision by the Company at its expense of a revised Noise Impact Study providing additional analysis of the potential impact from noise emitted by the proposed development on itself and on the surrounding area, to the satisfaction of the Chief Planner and Executive Director, City Planning prior to the issuance of the final Tribunal Order;
- (i) the provision by the Company at its expense of an updated Functional Servicing Report to the satisfaction of the Chief Engineer and Executive Director, Engineering and Construction Services in consultation with the General Manager, Toronto Water prior to the issuance of the final Tribunal Order;
- (j) the provision by the Company at its expense of an updated Hydrogeological Report based on additional bore hole testing to be carried out on the Lands to the satisfaction of the Executive Director, Engineering and Construction Services in

consultation with the General Manager, Toronto Water, prior to the issuance of a shoring and excavation permit;

- (k) the provision by the Company at its expense of a revised Functional Servicing Report if necessary based on the findings of the updated Hydrogeological Report required by item 2(i) above to the satisfaction of the Executive Director, Engineering and Construction Services in consultation with the General Manager, Toronto Water prior to the issuance of a shoring and excavation permit;
 - (l) the provision by the Company to the City at no cost to the City of designs and financial securities for any upgrades or required improvements to municipal infrastructure identified in the approved Functional Servicing Report to the satisfaction of the Executive Director, Engineering and Construction Services and General Manager, Toronto Water prior to the issuance of a shoring and excavation permit; and
 - (m) the provision at no cost to the City of any upgrades or required improvements to municipal infrastructure identified in the approved Functional Servicing Report to the satisfaction of the Executive Director, Engineering and Construction Services and General Manager, Toronto Water prior to the issuance of the first above-grade building permit, including for clarity any conditional above-grade building permit. For clarity, in this instance the provision of such upgrades or required improvements shall mean to construct, complete and make operational the upgrades or required improvements;
3. Prior to the issuance of the Tribunal's final Order, the Company will enter into a Heritage Easement Agreement with the City pursuant to the *Ontario Heritage Act* in connection with the property municipally known as 2 Toronto Street and 50 King Street East (the "Heritage Property") to the satisfaction of the Senior Manager, Heritage Preservation Services, including registration of such agreement to the satisfaction of the City Solicitor, which agreement shall:
- (a) permit the alterations and construction work substantially in accordance with the Settlement Plans and the Heritage Impact Assessment prepared by ERA Architects Inc. dated October 24, 2016, as revised to reflect the reduction in the horizontal projection (from 6 metres to 4 metres) of the proposed cantilever over the Heritage Property as shown on the Settlement Plans (the "Alterations"); and
 - (b) reflect the detailed terms set out in Appendix "A" hereto;
4. Prior to the issuance of the Tribunal's final Order, the Company will withdraw its appeals of the St. Lawrence Neighbourhood Heritage Conservation District Plan, Official Plan Amendment 352 and By-laws 1106-2016 & 1107-2016, subject to the approval of such modifications and/or other means for relief from such instruments as necessary in order to permit the Proposed Development;
5. City Council direct Staff to take such action as may be necessary to provide relief from the St. Lawrence Neighbourhood Heritage Conservation District Plan, Official Plan

Amendment 352 and By-laws 1106-2016 & 1107-2016 as may be required to permit the Proposed Development, or otherwise provide for necessary relief from such instruments in order to permit the Proposed Development to be constructed in a manner that implements the terms of this settlement;

6. City Council direct Staff to take such action as may be necessary to provide relief from the Downtown Secondary Plan and from any related future municipality-initiated zoning by-law amendment, if necessary, in order to ensure that such amendment(s) do not prevent the Owner from being issued a building permit that implements the terms of this settlement;
7. City Staff will bring forward a report directly to City Council at its meeting scheduled to commence on May 22, 2018, recommending that City Council accept the settlement in accordance with the terms set out herein (the "Request for Directions Report"); and
8. City Staff will bring forward a report to the April 19, 2018 meeting of the Toronto Preservation Board (the "Heritage Report") which recommends that City Council designate the Heritage Property under Part IV of the *Ontario Heritage Act* and authorizes the entering into of the Heritage Easement Agreement contemplated by Item 3 above.

The foregoing reflects our understanding of the settlement agreed to in principle between the Company and City Staff through the Tribunal mediation process.

It is our understanding that City Staff have determined that the Alterations constitute "minor repairs, alterations and improvements" and therefore fall under Staff's delegated authority to approve in accordance with Chapter 103 of the City's Municipal Code. As such, the Request for Directions Report shall include recommendations with respect to the Alterations to the Heritage Property and the required contents of the Heritage Easement Agreement in accordance with Item 3 above and the detailed terms set out in Appendix "A" hereto.

This proposed settlement is conditional on City Council accepting this proposal and adopting the recommendations set out in the Heritage Report and the Request for Directions Report, as such recommendations are described herein, at the City Council meeting scheduled to commence on May 22, 2018.

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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Appendix "A"

- a. prior to issuance of a Local Planning Appeal Tribunal Order (Case No. PL170587) in connection with the Zoning By-law Amendment appeal for the property at 34-50 King Street East and 2 Toronto Street the owner shall:
1. enter into a Heritage Easement Agreement with the City for the property at 2 Toronto Street and 50 King Street East substantially in accordance with plans and drawings prepared by Architects Alliance dated April 4, 2018 and the Heritage Impact Assessment prepared by ERA Architects Inc. dated May X, 2018, both on file with the Senior Manager, Heritage Preservation Services subject to and in accordance with the approved Conservation Plan required in Part a.2 below, all to the satisfaction of the Senior Manager, Heritage Preservation Services, and shall register such agreement to the satisfaction of the City Solicitor;
 2. provide a detailed Conservation Plan prepared by a qualified heritage consultant that is consistent with the conservation strategy set out in the Heritage Impact Assessment for 2 Toronto Street and 50 King Street East prepared by ERA Architects Inc. dated May X, 2018, to the satisfaction of the Senior Manager, Heritage Preservation Services; and
 3. enter into and register one or more agreements with the City pursuant to Section 37 of the Planning Act for the property at 34-50 King Street East and 2 Toronto Street, all to the satisfaction of the City Solicitor, the Chief Planner and Executive Director, City Planning, and the Senior Manager, Heritage Preservation Services with such facilities, services and matters to be set forth in the related site specific Zoning By-law Amendment.
- b. prior to Final Site Plan approval in connection with the Zoning By-law Amendment appeal for the property at 34-50 King Street East and 2 Toronto Street, the owner shall:
1. provide final site plan drawings substantially in accordance with the approved Conservation Plan required in Part a.2 above, to the satisfaction of the Senior Manager, Heritage Preservation Services;
 2. have obtained final approval for the necessary Zoning By-law Amendment required for the property at 34-50 King Street East and 2 Toronto Street, such amendment to have come into full force and effect;
 3. provide an Interpretation Plan for the subject property, to the satisfaction of the Senior Manager, Heritage Preservation Services and thereafter shall implement such Plan to the satisfaction of the Senior Manager, Heritage Preservation Services;
 4. provide a Heritage Lighting Plan that describes how the heritage property at 50 King Street East and 2 Toronto Street will be sensitively illuminated to enhance its heritage character to the satisfaction of the Senior Manager, Heritage Preservation Services and thereafter shall implement such Plan to the satisfaction of the Senior Manager Heritage Preservation Services;

5. submit a detailed Signage Plan to the satisfaction of the Senior Manager, Heritage Preservation Services; and
 6. Install a heritage plaque on the designated heritage property at 50 King Street East and 2 Toronto Street, in consultation with Heritage Toronto and with the form and location to the satisfaction of the Senior Manager, Heritage Preservation Services.
- c. prior to the issuance of any permit for all or any part of the property at 34-50 King Street East and 2 Toronto Street, including a heritage permit or a building permit but excluding permits for repairs, maintenance and usual and minor works acceptable to the Senior Manager, Heritage Preservation Services, the owner shall:
1. have obtained final approval for the necessary Zoning By-law Amendment required for the property at 34-50 King Street East and 2 Toronto Street, such amendment to have come into full force and effect;
 2. provide full building permit drawings for the specific phase of work for which the permit is being sought, including notes and specifications for the conservation and protective measures keyed to the approved Conservation Plan required in Part a.2 above, including a description of materials and finishes for the new construction, to be prepared by the project architect and a qualified heritage consultant to the satisfaction of the Senior Manager, Heritage Preservation Services; and
 3. Provide a Letter of Credit, including provision for upwards indexing, in a form and amount and from a bank satisfactory to the Senior Manager, Heritage Preservation Services to secure all work included in the approved Conservation Plan , Interpretation Plan, Heritage Lighting Plan, and Signage Plan;
- d. prior to the release of the Letter of Credit required in Part c.3 above, the owner shall:
1. have obtained final site plan approval for the subject properties, issued by the Chief Planner and Executive Director, City Planning;
 2. provide a letter of substantial completion prepared and signed by a qualified heritage consultant confirming that the required conservation work has been completed in accordance with the approved Conservation Plan, Interpretation Plan, Heritage Lighting Plan, and Signage Plan; and that an appropriate standard of conservation has been maintained, all to the satisfaction of the Senior Manager, Heritage Preservation Services; and
 3. provide replacement Heritage Easement Agreement photographs for the property at 50 King Street East and 2 Toronto Street to the satisfaction of the Senior Manager, Heritage Preservation Services.