



Barristers & Solicitors

Bay Adelaide Centre - West Tower
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211
Facsimile: 416.979.1234
goodmans.ca

Direct Line: 416.597.4136
mnoskiewicz@goodmans.ca

May 10, 2018

Our File No. 113011

Via Email

City of Toronto Legal Services
Planning & Administrative Tribunal Law
Metro Hall, 55 John Street, 26th Floor
Toronto, ON M5V 3C6

Attention: Jessica Braun

Dear Sirs/Mesdames:

**Re: LPAT Case No. PL170493;
Zoning Appeal for 33 Gerrard Street West and 22 Elm Street;
Offer to Settle by Great Eagle Hotels (Canada) Limited**

We are solicitors for Great Eagle Hotels (Canada) Limited ("Great Eagle"), the appellant in respect of the above-noted matter. Great Eagle hereby offers to settle its zoning appeal for 33 Gerrard Street West and 22 Elm Street (the "Chelsea Site") with the City on the following basis:

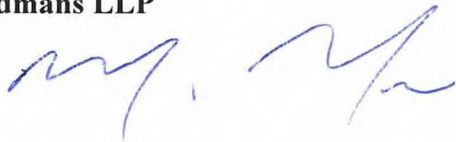
1. Great Eagle and the City will both support the Local Planning Appeal Tribunal ("LPAT") allowing Great Eagle's zoning appeal, by approving a zoning amendment that permits the redevelopment of the Chelsea Site substantially in accordance with the attached Chelsea Green Settlement Offer drawings, numbered A.0.1 to A.0.9 inclusive, A.1.1 to A.1.18 inclusive, A.2.1 to A.2.4 inclusive, A.3.1 and A.5.1, dated May 10, 2018, and prepared by architectsAlliance (the "Settlement Drawings").
2. The zoning amendment will require the provision of not less than 400 hotel rooms as part of the redevelopment of the Chelsea Site.
3. The zoning amendment will permit the provision of a fourth floor pedestrian bridge linking Tower 1 and Tower 2, as shown on the Settlement Drawings.
4. The zoning amendment will secure the community benefits and legal convenience matters set forth in Recommendations 3a) and b) of the September 20, 2017 Request for Direction Report prepared by the Director, Community Planning, Toronto and East York District (the "Request for Direction Report"), provided that the \$9.5 million payment to the City referred to therein (less consideration for proposed daycare) shall be increased to \$10 million (less consideration for proposed daycare).

5. Great Eagle is requesting that the City permit the southwest corner of Tower 1 to encroach over Walton Street above the sixth floor of the tower (the “Walton Encroachment”) and the northeast corner of the Tower 2 podium to encroach over Gerrard Street West as widened (the “Gerrard Encroachment”), as shown on the Settlement Drawings. If the City permits the Walton Encroachment and Gerrard Encroachment:
 - i. The zoning amendment will permit the Walton Encroachment and the Gerrard Encroachment; and
 - ii. as consideration for the encroachments, Great Eagle will agree in the Section 37 Agreement to design and construct the Above Base Park Improvements for the public park being dedicated to the City, in a manner compatible with the adjacent publicly accessible open space (“POPS”) and to the satisfaction of the City’s General Manager, Parks, Forestry and Recreation, and with no credit against development charges.
6. If the City does not permit the Walton Encroachment and Gerrard Encroachment:
 - i. The zoning amendment will not permit the Walton Encroachment and the Gerrard Encroachment; and
 - ii. Great Eagle will agree in the Section 37 Agreement to design and construct the Above Base Park Improvements for the public park being dedicated to the City, in a manner compatible with the adjacent publicly accessible open space (“POPS”) and to the satisfaction of the City’s General Manager, Parks, Forestry and Recreation, and will receive a credit against development charges in the amount of the cost of the Above Base Park Improvements.
7. Great Eagle and the City will request LPAT to withhold its Order allowing Great Eagle’s zoning appeal on the foregoing basis, until the following matters have occurred in accordance with Recommendation 3 c) of the Request for Direction Report:
 - i. Great Eagle has entered into the Section 37 Agreement with the City, to the satisfaction of the City Solicitor, securing the matters outlined in Item #4 above. The payment shall be made prior to the issuance of the first above grade building permit for the Chelsea Site.
 - ii. LPAT has been provided with the proposed zoning by-law amendment(s) in a form satisfactory to the City;
 - iii. LPAT has been advised by the City Solicitor that the Functional Servicing Report has been completed to the satisfaction of the City’s Executive Director of Engineering and Construction Services.

We understand that you will present this settlement offer to City Council at its meeting of May 22, 23 and 24, 2018. If City Council accepts this settlement offer, please confirm this to us and advise whether the City has permitted the Walton Encroachment and Gerrard Encroachment. Upon receiving confirmation from you that this offer has been accepted by the City, there will be a binding settlement between Great Eagle and the City.

Yours truly,

Goodmans LLP

A handwritten signature in blue ink, appearing to read 'Mark Noskiewicz', is written over a faint, light-colored signature line.

Mark Noskiewicz
MRN/ts

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