

CONFIDENTIAL APPENDIX A



July 27, 2020

Our File No.: 00-1847

Metro Hall 26th Floor
55 John Street
Toronto, ON M5V 3C6

Attention: Mr. Ray Kallio, City Legal

Dear Sir:

Re: 80-82 BLOOR STREET WEST (the "Site")
FINAL "Without Prejudice" Offer to Settle the appeal of Council's failure to make a decision on the application for a zoning by-law amendment pursuant to Section 34(11) of the *Planning Act*

LPAT Case No.: PL170855

We, along with Mr. Calvin Lantz of Stikeman Elliott LLP, are the solicitors for the respective owners/appellant in respect of the above noted matter. Since the filing of our clients' revised application, our clients and their entire consulting team have worked tirelessly to pursue a number of significant improvements to both the Site and surrounding area in an attempt to settle the outstanding appeal. Up until this past weekend, we have continued to pursue agreements between the owners which we are now hopeful allows Council to accept this FINAL offer, with the approval of same being extremely time sensitive.

This offer replaces all prior offers, and as such, those offers are formally withdrawn, with this offer being open for the City's acceptance up until the completion of the July 28/29 Council Meeting. The reason that this offer, along with the approvals being sought, is different than others which Council may have considered in the past is due to the timelines in place, outside of our clients' control, which relate to the ability to deliver to the City the important extension of the Village of Yorkville Park from Bellair to Bay Street. The proposed delivery by our clients, of a park extension of 19,000 square feet in size, just over 6 times the area of the required parkland dedication associated with this proposed development, must be secured within the timelines set out in our agreement with the owner of those lands in order for this settlement to be realized. In addition, this proposed settlement offer also secures the demolition of the building on site, together with a commitment to deliver the park in a "base park" condition in accordance with the terms attached hereto which have been cooperatively negotiated with City Staff.

Confidential Attachment 1- 80-82 Bloor Street West- Request for Direction

The following sets out the list of revisions and/or conditions agreed to by our client, which again, delivers not only one of the most significant parks ever provided as part of a development

SHERMAN • BROWN • DRYER • GOLD

PRACTICING IN ASSOCIATION

5075 YONGE STREET • SUITE 900 • TORONTO, ONTARIO • M2N 6C6 • TELEPHONE: (416) 222-0344 • FACSIMILE: (416) 222-3091

The individual lawyers named above practice in association with Adam J. Brown Professional Corporation

approval in the City of Toronto, but which revisions and/or conditions also deliver a “world class” design that we are confident responds to the specific direction and guidance by all those parties and participants to the process who have provided their input to date:

- 1. Surrender of the leasehold interest at 1240 Bay Street to the City, with the owners committing to (i) funding the full \$45 million acquisition cost; and (ii) the owners commitment to the cost of demolition and delivering the Site in a “base park” condition pursuant to the conditions attached hereto**

To the immediate north of the Site is a property which extends from Bay to Bellair Streets (the “New Park”), which property is owned by the City, encumbered by a long-term office lease that from the outset, our client was asked to acquire and dedicate to the City for a park, despite that land area representing over 6 times the required parkland dedication associated with our client’s application. In addition, our client was also requested to commit to not only paying for the acquisition of the leasehold interest, but they were also asked to commit to demolishing the existing building and delivering the site to the City in “base park” conditions in accordance with a set of detailed terms negotiated with City Parks Staff.

On July 20, 2020, our clients secured the acquisition of the New Park, which deal becomes firm and binding within 90 days, with a total of \$9 million in deposits being due and payable within 240 days, and the balance of \$36 million due and payable by no later than July 20, 2025. Our clients have been asked to commit to the entire up-front payment, which payments will be made well in advance of any sales and/or construction financing being in place, a proposal which is unprecedented in the City. Our clients have agreed to this request.

Furthermore, over the weekend, our client has been provided with a list of conditions which would require our client to pay for the demolition of the existing office building and the restoration of the New Park to “base park” condition (conditions attached hereto). Our clients have agreed to this request, with an understanding that following demolition our client will be permitted to use the New Park area and the adjacent Critchley lane for construction staging, including tie backs and crane swings, at no additional cost to our clients.

Our clients' agreement to this "heavily" front-ended deal, when typically, payments as significant as these for Section 37 and Section 42 are paid upon above-grade permits, is **conditional on confirmation that the payments noted above are in full satisfaction of both the future Section 37 and Section 42 payments.** In addition, the commitment to the demolition and base park requirements set out in the attachment negotiated with City parks staff, are all acceptable but for the requirement that our client be responsible for the Record of Site Condition and any possible remediation associated therewith. Our client cannot agree to be responsible for the RSC and remediation given that such lands have been owned by the City, and as such, ought to be the City's obligation. However, our client was asked to commit to the payment of \$150,000 towards the City's cost to commission the RSC process at a date no earlier than July 20, 2025, which again, is a request agreed to by our clients.

However, in addition to our clients being in a position to assign the New Park agreement to the City upon the by-laws becoming final and binding, and in addition to our clients committing to the full \$45 million payment prior to obtaining any permits for the development of the Site, our clients will also agree to provide a Letter of Credit to the City prior to the issuance of any above-grade permits for the future assessed cost of demolition and the delivery of the "base park" requirements prior to the issuance of any above-grade building permits.

2. Approval of Settlement Plans

In addition to the delivery of the park, the following are the revisions to our client's design, which again, we are confident represents "good planning and urban design", and most importantly, will deliver a "world class" development to this important site in the City of Toronto.

A summary of the most significant revisions to the design are as follows:

- a. The **podium along Bellair has been reduced from 17 storeys to 6 storeys**, with a significant reduction of the built form facing the existing and proposed new park at the corner of Critchley Lane and Bellair Street;
- b. The **westerly tower has been setback 1.5 metres from Bellair street** to accentuate the reduced podium height;
- c. In addition, to highlight the 6-storey podium design, **a two-storey reveal above the podium has been created** not only along Bellair Street, but at the intersection of Bloor and Bellair in order to accentuate the reduced podium height;
- d. A **Colonnade/Galleria has been introduced along Bellair**, connecting Critchley Lane to Bloor Street, which design provides a covered 6-metre-wide 2 storey high area for the entire Bellair Street frontage;
- e. In response to concerns about the potential shadows on the Jessie Ketchum play area, our client has **reduced the heights** of the two towers, locating the taller tower

to the east, at a height of 76 storeys, with the lower tower along Bellair Street, at a reduced height of 70 storeys. In addition, to ensure **no afternoon shadows on the Jessie Ketchum play area**, the upper portion of the easterly tower has been sculpted, which sculpting is reflected in the zoning map attached hereto. We have also included the shadow study to confirm same;

f. Despite the application being filed close to 7 years ago when there were no policies in effect relating to office replacement, our clients have agreed to provide 94,500 square feet of **office replacement (75% replacement)**;

g. In recognition of the importance of the proposed new park, our clients have removed a significant portion of their valuable ground floor retail space to create a singular entrance to their parking and loading area, with **all of the loading and parking ramps internalized and screened from public view**. By so doing, the revised design now creates a “front door” to the new park for years to come.

With all of the revisions noted above, and with delivery of the significant park contribution to the City, we are formally submitting the within offer to settle in accordance with the following terms:

1. Council’s endorsement of the revised proposal substantially in accordance with the revised architectural plans and draft Zoning By-law amendments attached hereto (subject to any revisions required to the draft zoning by-law amendments that arise as a result of a review by the Buildings Department).

2. The applicant shall assign to the City, upon the By-laws and Agreements being finalized, the Agreement to acquire the leasehold interest in the property municipally known as 1240 Bay Street, based upon the following terms:

a. The applicant be required to pay the initial deposit of \$9 million and the remaining balance of \$36 million. In addition, but for the requirement to conduct an RSC and any possible remediation associated therewith, which condition our clients will not agree to, the applicant agrees to all of the other demolition and “base park” requirements set out in the conditions negotiated with City Parks Staff, and to provide a Letter of Credit to the City for the future assessed cost of demolition and the delivery of the “base park” requirements prior to the issuance of any above-grade building permits. As noted above, upon demolition, the owners shall be permitted to use the Park and Critchley Lane, prior to base park improvements, for construction staging, tie backs and crane swings at no additional cost;

b. However, the applicant/owner may, at a date earlier than July 20, 2025, accelerate the closing of the leasehold acquisition by paying the \$36 million balance and any other fees associated with the accelerated closing; and

c. The City acknowledges that the payments agreed to herein are in full satisfaction of all payments and future payments required pursuant to Sections 37 and 42 of the Planning Act.

Should you have any questions or require any additional information, please do not hesitate to contact the writer or Jessica Smuskowitz, a lawyer in our office. **I have attached hereto the upto-date by-law with the revised maps which sculpt the top of the tower, the updated shadow study, the plans and elevations which were previously sent, as well as the condition for the demolition and delivery of the “base-park” condition.**

Yours very truly,

Adam J. Brown
AJB/jn

cc: Mr. Calvin Lantz, Stikeman Elliot LLP
Ms. Derin Abimbola, City Legal
Mr. Andrew Biggart, Solicitor for ABC Residents Association