

Financial Considerations:

As per the 1992 Implementation Agreement with the Harbourfront Centre, the City is to deposit the net income or proceeds from the sale of the Subject Property to the Harbourfront Foundation. CreateTO, Corporate Real Estate Management, and the Harbourfront Centre have developed a mutual agreement in principle between the City of Toronto and the Harbourfront Centre. Confidential Attachment 2 includes a letter from the Harbourfront Centre confirming the mutual agreement.

The current rent structure between the City of Toronto and the Silver Hotel Group includes the collection of:

1. The greater of \$124,800 per year or 3 percent of the Room Rental annually for the operation of the hotel;
2. 20 percent below \$298,000 or 25 percent above \$298,000 of the gross revenue for the ground floor commercial operations; and
3. Revenue from parking equal to the lesser of 20 percent of Gross Revenue and 20 percent of net monthly profit. Net proceeds of the annual rent are paid entirely to the Harbourfront Centre.

The rent is deposited in its entirety to the Harbourfront Centre.

The transaction proposes the following:

1. A one-time cash payment from the principals of the Silver Hotel Group to the Controller, City of Toronto, for a one-time payment based on an updated appraised value of Subject Property A to be conducted by one or more pre-approved consultants with experience appraising commercial hotel properties.
2. A one-time cash payment from the Controller, City of Toronto to the Harbourfront Foundation of a portion of the proceeds from the sale of the Subject Property for a one-time payment representing the City's obligation as per the mutual agreement in Confidential Attachment 2.
3. Direct the remaining net proceeds from the sale, based on an updated appraised value of Subject Property A to be conducted by one or more pre-approved consultants with experience appraising commercial hotel properties, to the Land Acquisition Reserve Fund (XR1012) and designate that these proceeds be used for the Multi-Unit Residential Acquisitions Program managed by the Housing Secretariat with support from Corporate Real Estate Management.

Table 1: Details of Subject Property A

	Total Area (square feet)	Current Market Value	Current Use
249 Queen's Quay West	50,031	An updated appraised value of Subject Property A to be conducted by one or more pre-approved consultants with experience appraising commercial hotel properties	Commercial Hotel

Table 2: Transaction Components related to Subject Property A

Transaction Components	Total Area (square meters)	Market Value	Proposed Uses (Benefits to the City)
1) Cash Payment Silver Hotel Group to City of Toronto	N/A	To be determined based on appraised value as outlined in Table 1	Proceeds to be distributed to Harbourfront Centre and Housing Secretariat
2) Cash Payment City of Toronto to Harbourfront Centre, after disposal transaction is completed	N/A	\$ 4,000,000	Portion of proceeds to be distributed to Harbourfront Centre as per mutual agreement

Transaction Components	Total Area (square meters)	Market Value	Proposed Uses (Benefits to the City)
3) Direct remaining proceeds to Land Acquisition Reserve Fund (XR1012)	N/A	To be determined after disposal transaction is completed, and based on the appraised value as outlined in Table 1	Remaining proceeds directed to Land Acquisition Reserve Fund and designate these proceeds for the Multi-Unit Residential Acquisitions Program