



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Proposed Long Term Land Lease - City Owned Property at 11 Bay Street

Date: April 26, 2021
To: CreateTO Board of Directors
From: Chief Executive Officer
Wards: Ward 10 - Spadina - Fort York

REASON FOR CONFIDENTIAL INFORMATION

The confidential attachment to this report relates to (i) a proposed or pending disposition of land by the City, and (ii) a position, plan, procedure, criteria or instruction to be applied to negotiations carried on or to be carried on by or on behalf of the City and CreateTO.

SUMMARY

The purpose of this report is to report back to the Board of CreateTO with certain supplemental information related to the proposed lease terms negotiated between staff of CreateTO and QuadReal Property Group Limited Partnership ("**QuadReal**") and Barney River Investments Limited ("**Barney River**"), the managers acting on behalf for the tenant, in connection with a proposed long-term lease renewal/new lease agreement ("**Lease Extension**") to permit redevelopment of the City-owned property at 11 Bay Street (the "**Subject Property**"). QuadReal and Barney River have proposed a complete redevelopment of the Subject Property which will result in a new office tower and rebuilt convention centre at grade.

At its meeting on January 11, 2021, the CreateTO Board considered an initial report (the "**Initial Report**") on the proposed Lease Extension, and invited Staff to conduct further due diligence on the background to the Tenant's proposal. At its meeting on March 8, 2021, the CreateTO Board and invited Staff to return to the May 11 Board meeting with certain supplemental information relating to the proposed transaction.

This Report contains the supplemental information requested by the Board at its March 8 meeting.

RECOMMENDATIONS

The Interim Chief Executive Officer, CreateTO recommends that:

1. The Board of CreateTO authorize the public release of the information in Confidential Attachment 1 following completion of the transactions contemplated in this report, and at the discretion of the Chief Executive Officer, CreateTO.

FINANCIAL IMPACT

There is no financial impact as a result of the adoption of this report.

DECISION HISTORY

City Council on May 17, 18, and 19, 2011 authorized Build Toronto to undertake a master planning process for the properties municipally known as 11 Bay Street.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.GM3.21>

At its meeting on October 29, 2019, City Council adopted PH9.4 "Focusing on Building Design Improvements" and requested the Board of CreateTO to work with the Chief Executive Officer, CreateTO in order to employ open and international design competitions for major and transformational projects in which it is the lead developer.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH9.4>

At its meeting on March 13, 2020, the Board of CreateTO adopted RA11.2 authorizing staff of CreateTO to negotiate the terms and conditions of a long-term fair market-value lease agreement with SCG Aquarius Toronto Hotel, Inc., as tenant and SCG Aquarius Toronto Hotel, Inc., in its capacity as General Partner for SWA Toronto L.P., as beneficial tenant (the "**Tenant**"), to design, build, finance and operate a new office building and convention centre and other complementary facilities at 11 Bay Street and to report back to the Board of Directors of CreateTO on the results of the negotiations.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.RA11.2>

At its meeting on January 11, 2021, the Board of CreateTO received Report RA20.6 containing the initial report from staff in response to the direction of the Board in RA11.2 setting out the proposed terms of a long-term lease extension with the Tenant to design,

build, finance and operate a new office building and convention centre and other complimentary facilities at 11 Bay Street.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.RA20.6>

At its meeting on January 12, 2021, the Toronto and East York Community Council received a preliminary report from the Director, Community Planning, Toronto and East York District on a zoning amendment application submitted by the Tenant for the Subject Property.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.TE22.12>

At its meeting on March 8, 2021, the Board of CreateTO received Report RA21.2 containing the follow-up report from staff in response to the previous direction of the Board in RA11.2 setting out certain additional information related to the proposed development.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.RA21.2>

COMMENTS

The Subject Property is owned by the City and located in the Central Waterfront area at the foot of Bay Street. The City has entered into a long-term ground lease of the Subject Property with Barney River which expires on May 31, 2030, (with the potential of two further options to renew of five years each at the discretion of the City) for the primary use as a convention centre, serving the Toronto Westin Harbour Castle Hotel located directly to the south across Queens Quay West.

At the March 8, 2021 Board meeting, the Board directed management to consult with the Board Chair and 2 Board members, in preparing the next report and an issues list. The objective was to identify and discuss certain issues that had been identified by the Board in connection with the proposed term sheet between the City and the joint venture partners interested in redeveloping 11 Bay Street.

This Report contains the issues list in Confidential Attachment 1 requested by the Board at its March 8 meeting.

CONTACT

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SIGNATURE

Steven Trumper
Chief Executive Officer, CreateTO

ATTACHMENTS

Confidential Attachment #1