

Attachment 2: Terms and Conditions of Land Lease

Terms and Conditions of Land Lease

Landlord:	Parc Downsview Park Inc. ("PDP").
Tenant:	City of Toronto ("the City").
Leased Lands:	<p>Approximately 2.0 hectares on a portion of the lands municipally known as 1377 Sheppard Avenue West also known as Downsview Park, generally in the area outlined on Attachment 1 of this report (the "Leased Lands").</p> <p>The final location and size of the Leased Lands will be mutually agreed to by the City and the Landlord and confirmed by written notice from the Landlord (the "Leased Lands Identification Notice") after the final concept design of the Downsview CRC is confirmed.</p> <p>The Leased Lands shall be leased to the Tenant in an "as is" condition, including any existing or potential environmental condition, with no representations or warranties by the Landlord as to its existing condition.</p>
Permitted Use:	Construction and continuous use as a City-owned publicly accessible Community Recreation Centre ("Downsview CRC").
Due Diligence Period	<p>From the date of execution of the Land Lease to the Commencement Date (the two-year "Due Diligence Period") the Tenant shall be given access to the Leased Lands to complete such planning, design, engineering, title searching, surveying, and performing Environmental Site Assessment work such as testing and drilling for soil and ground water analysis to the standard of the <i>Canadian Environmental Protection Act</i> and <i>Environmental Protection Act (Ontario)</i> on or about the Leased Lands as may be reasonably required to permit the Tenant to develop plans for the Downsview CRC.</p> <p>Notwithstanding anything to the contrary, the Due Diligence Period shall be limited to two (2) years.</p> <p>During the Due Diligence Period the Landlord shall maintain and permit public access to the Leased Lands to the same standard as the balance of Downsview Park subject to the following:</p> <ul style="list-style-type: none">• From time to time, and subject to Landlord approval (not to be unreasonably withheld or delayed) the Tenant may temporarily restrict access to certain areas of the Leased Lands.• The Tenant shall be subject to the Landlord's reasonable safety requirements in effect during the Due Diligence Period.

Public Access to Leased Lands	<p>Landlord shall provide Tenant access to the Leased Lands via John Drury Drive and Canuck Avenue, being private roads owned and maintained by the Landlord, until such time as new public access is constructed.</p> <p>Landlord and Tenant shall cooperate to ensure public access is established to the Downsview CRC as part of a Site Plan process and reflected in the Land Lease.</p> <p>John Drury Drive and Canuck Avenue may be used from time to time by the Landlord to facilitate events and capital projects, which may include partial and full road closures and re-routing of traffic. In the event of such closures or re-routing of traffic, no less than 10 days prior written notice will be given to the City and the Landlord shall make every effort to ensure such are for minimal periods to limit the impact on CRC operations. Notwithstanding the foregoing, the City shall continuously have emergency and operational access to the Leased Lands.</p> <p>Notwithstanding anything to the contrary, the Landlord will work with the Tenant to secure alternate access and ensure public/pedestrian access.</p>
Commencement Date:	<p>The earlier of (i) the day that Tenant delivers written notice to the Landlord that it has completed the requisite testing and studies required to satisfy Tenant, in its sole and absolute discretion, that the Leased Lands are suitable for Tenant's Permitted Use, and (ii) the two-year anniversary of the Tenant's receipt of the Leased Lands Identification Notice (the "Commencement Date").</p>
Term:	<p>99 years, less one day, commencing on the Commencement Date (the "Term"). During the Term, the Downsview CRC shall be owned by the Tenant.</p>

Construction/ Milestones:	<p>The Tenant shall diligently proceed with and complete all development applications for the Downsview CRC.</p> <p>The Tenant shall commence construction of the Downsview CRC from the Commencement Date in accordance with the Tenant's plans and specifications, no later than December 31, 2028.</p> <p>Tenant and Landlord to discuss the possibility of entering into a Project Agreement and a Cost Sharing Agreement as needed to advance the design, build and delivery of the Downsview CRC. Any Project Agreement or Cost-Sharing Agreement would be referenced in the Land Lease and cross-default provisions would apply mutatis mutandis.</p> <p>Unless otherwise agreed to by the parties in writing, the Tenant shall complete construction and open the Downsview CRC by December 31, 2033.</p>
Basic Rent:	Base Rent during the Term will be equal to one dollar per annum.
Net and Carefree Lease:	The Land Lease shall be completely net and carefree to the Landlord, with the Tenant responsible for all taxes and all ongoing costs throughout the Term.
General and Capital Repairs, Maintenance and Operating Costs:	During the Term, Tenant shall maintain, operate, and keep the Leased Lands and the Downsview CRC in good repair to a standard consistent with the building's age, and bear all costs associated with its operation, maintenance, repair and replacement including required capital repairs.
Early Termination re Funding:	If available funding for the Downsview CRC is not secured and allocated in the City's Park, Forestry and Recreation's 10-year capital plan by January 1, 2035, the Landlord and/or the Tenant may terminate the Lease upon written notice to the other party.
Early Termination re Due Diligence	If environmental or other testing during the Due Diligence Period discloses that the Leased Lands are not suitable for the construction of the Downsview CRC, the Tenant may terminate the Lease upon written notice to the Landlord.
Condition of Premises at Expiry or Earlier Termination of the Land Lease:	At the expiry or earlier termination of the Lease, the Landlord and the Tenant shall agree, acting reasonably, for Tenant either to (i) surrender the Leased Lands and Downsview CRC to Landlord in "fair" condition as per the Facility Condition Index (as evidenced by a Building Condition Assessment), including all structural elements, mechanical equipment, and building envelope or (ii) demolish the building(s) and improvements on the Leased Lands and surrender the Leased Lands as close to the condition in which they were received as is practicable.

Insurance and Indemnity:	<p>Tenant shall take out comprehensive insurance in accordance with PDP's reasonable insurance requirements during the Term and shall release and indemnify the Landlord for any injury, loss, damage, claims, costs and other proceedings whatsoever arising from or out of any occurrence in, on or at the Leased Lands, or in any way arising from or out of the occupancy or use by the Tenant of the Leased Lands or any part thereof, or due to or arising out of any breach by the Tenant of the Land Lease.</p> <p>Notwithstanding anything to the contrary, the Landlord covenants and agrees that it shall be fully responsible for any and all new environmental liabilities relating to the Leased Lands that are caused by the Landlord or any person or party for whom it is responsible during the Term of the Lease</p> <p>PDP, Canada Lands Company CLC Limited, Canada Lands Company Limited, and the third-party property manager should be named as additional insureds.</p>
Construction Liens:	<p>If any construction lien is registered against the building or the Leased Lands by reason of work done or materials supplied for or to the Tenant or for or to anyone holding an interest in the lands through the Tenant, the construction lien shall be discharged and vacated by the Tenant.</p>
Assignment / Transfer / Sublet:	<p>The Tenant shall not assign, transfer or sublet the Leased Lands, Downsview CRC or any part thereof, without obtaining the prior written consent of the Landlord, not to be unreasonably withheld.</p>
Sale or Transfer by Landlord:	<p>In the event of a sale or transfer of the Leased Lands by Landlord, Landlord shall obtain from the transferee an agreement to assume and to be bound by the covenants and obligations of the Landlord under the Land Lease.</p>
Disturbance:	<p>The Tenant acknowledges that throughout the Term, there may be a mixture of both public and private events hosted at Downsview Park, including temporarily blocking access to roadways, and/or rerouting traffic through Downsview Park, which may generate noise and disruption during such events.</p>
Sustainability and ESG:	<p>The Tenant shall construct, develop, maintain and operate the Leased Lands and Downsview CRC in alignment with the City's net zero targets. The Tenant and Landlord will establish a mutually agreeable method for reporting in building performance.</p>
Non- binding Terms and Conditions	<p>Nothing in these Terms and Conditions are to be considered binding on the parties until the finalization of the Land Lease and approval by each party's respective authorities for its execution.</p>

<p>Form of Lease and Costs of Preparation</p>	<p>The Land Lease shall be on the Landlord's form of lease subject to reasonable changes required by the City Solicitor and substantially based on this list of Terms and Conditions and shall be on such other or amended terms and conditions acceptable to Executive Director, Corporate Real Estate Management, the General Manager, Parks, Forestry and Recreation and the Landlord.</p> <p>The Tenant shall bear any costs, including reasonable legal fees (such reasonable legal fees to be no higher than \$25,000), for the preparation of the Land Lease.</p>
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