

Please refer to: **Kim Beckman**
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Davies
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October 23, 2007

Confidential and Without Prejudice

By E-Mail Only to djubb@toronto.ca

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Attention: Dawne Jubb
Solicitor

Dear Ms. Jubb:

**Re: Drakestone Investments Ltd. ("Medallion")
45 Lisgar Street, Toronto
Offer to Settle – Official Plan Amendment and Zoning Appeals
Application No.: 2005-199764 SPS 00 TM**

Medallion is prepared to settle its outstanding OMB appeals upon the terms of this letter and the summary of settlement terms appended to this letter as Schedule "A".

I confirm that all prior offers to settle, all of which were delivered to you on a confidential and without prejudice basis, are hereby withdrawn.

The contents of this offer are being delivered to you on a confidential and without prejudice basis for presentation to the Toronto City Council at its meeting to be held on October 23, 2007. The terms of this offer are open for acceptance until 5:00 p.m. on October 24, 2007 and may only be disclosed publicly if all provisions in this offer to settle are accepted by City Council, failing which its terms may not be disclosed and neither Medallion nor the City of Toronto may refer to the existence or terms of this letter in any public forum, communication, public disclosure or at the Ontario Municipal Board hearing.



Davies
Howe
Partners

Should you require anything further in relation to the within offer to settle, please contact me at your convenience.

Sincerely,
DAVIES HOWE PARTNERS

A handwritten signature in black ink, appearing to read 'K. Beckman', with a long horizontal flourish extending to the right.

Kimberly L. Beckman

KLB: klb
enc.

Schedule "A"

Drakestone Investments Ltd. ("Medallion") is prepared to settle its outstanding appeals on the following terms:

1. Lease of Space to City of Toronto - In satisfaction of its total Section 37 obligations pursuant to the *Planning Act*, Medallion will provide 929 square metres of ground floor space (measured as per BOMA standards) in a location acceptable to Medallion and the City, provided that:
 - (a) The space will be subject to a lease of 25 years with a single option to renew for a further 25 years.
 - (b) The space will be contiguous and have frontage onto Lisgar Street.
 - (c) The space will be utilized by Toronto Public Health of the City of Toronto ("TPH") and TPH's move into the new location will result in no incremental pressures on TPH's budget, including both one-time and annual costs, unless TPH requests specific improvements beyond Corporate Facility's standards, provided that this is an internal City requirement and Medallion will not be required to contribute to this requirement in any fashion.
 - (d) The space will be used by the TPH, primarily as administrative offices and other uses auxiliary to the TPH's mandate, save and except for the following prohibitions;
 - (i) Clinics of any nature or kind for animals,
 - (ii) Methadone or any drug treatment services, and
 - (iii) Needle exchange services, provided that a needle drop off facility is acceptable.

The space may also be used by any other City Divisions for administrative offices, in which case the other City Division(s) would have the same rights, privileges and permissions as TPH. The City may make the space available to an outside not-for-profit or cultural use as acceptable to the owner.
 - (e) TPH will be permitted to erect signage in compliance with City standards but all signage will be subject to the landlord's prior approval, acting reasonably.
 - (f) TPH will have the use of 15 parking spaces during the term of the lease and during regular business hours (i.e., between 8:00 a.m. and 6:00 p.m. on weekdays that are not statutory holidays), either in

designated visitor spaces in the underground garage or as a combination of outdoor spaces and the indoor garage spaces. TPH staff will have access to this parking outside of normal business hours by making arrangements with the building manager at 45 Lisgar Street. This parking requirement is not over and above the parking space requirements agreed to pursuant to these settlement arrangements (i.e., a total of .5 spaces per residential unit, including visitor spaces).

- (g) The lease will not require the City to contribute to any common element costs that the City does not use (e.g., residential lobbies and elevators). However, where the City uses a common element such as the parking garage or the garbage room, as examples, it will contribute its pro-rata share to the cost of those facilities.
- (h) During the term of the lease, the City will pay a nominal rent for the space, however, the City will pay all taxes, operating and maintenance costs for the leased space as would be paid by a non-residential tenant on a net, net basis, in addition to the City's pro rata share of the common element costs provided for in paragraph 1(g) herein.
- (i) The space will be delivered by Medallion to the City at the commencement of the lease in the following condition;
 - (i) A staff kitchen will be roughed in with plumbing sufficient for a single sink,
 - (ii) An electrical panel will be installed within the space but no HVAC system, or any internal wiring, fixturing or partitions will be provided, and
 - (iii) The space will be provided to the City with concrete floors, drywall around the perimeter and Medallion will carpet the space only if the City reimburses Medallion for the carpeting at Medallion's cost.

2. Conversion of Day Care Space at 55 Lisgar Street -The City will support Medallion's application to amend the Zoning By-law and/or Official Plan for 55 Lisgar Street to release Medallion from obligations under Section 37 of the Planning Act in relation to the daycare space at 55 Lisgar Street, provided the Zoning By-law for 45 Lisgar Street has come into force and effect and the executed Section 37 agreement in relation to 45 Lisgar Street has been registered on title to 45 Lisgar Street.

3. Cash In Lieu of Parkland - Medallion will remit cash in lieu of parkland at the rate of 5% for the residential component of the building and 2% of the commercial component of the building, with the exception of the space to be leased to TPH, which shall be exempt from any obligation to contribute to cash in lieu of parkland. The City will determine the value of the cash in lieu of parkland contribution based on standard 2007 practices (i.e., 5% based on value of the land on the day before issuance of above-grade building permit). If building construction has not begun 5 years after the date of Council approval of this settlement, the applicable cash-in-lieu of parkland payment will be whatever the cash-in-lieu policies are at the time of development.

4. Built Form

- (a) The south building on the site will be a tower having 14 storeys based upon internal ceiling heights of 8 clear feet for all storeys above the first floor, except where an increase in height is required to accommodate mechanical and structural transfers, terraces and setbacks. The easterly face of the tower is to be located a minimum of 12.5 metres from the centre line of the public lane.
- (b) The north building will be a slab building which will be 7 storeys in height based upon internal ceiling heights of 8 clear feet for all storeys above the first floor, except where an increase in height is required to accommodate mechanical and structural transfers, terraces and setbacks.
- (c) The first step back for both the south and north buildings will be above the 5th floor and there will be a minimum 3 metre step back above the 5th storey along the west and south building facades. There will be a minimum 2 metre step back located above the 5th floor along the east building facades. Further, a parapet of 1.2 metres will be integrated into the building façade of the 5 storey component of the buildings which shall be excluded from the 5 storey height measurement.
- (d) All building projections will be limited to .4 metres, with the exception of .75 metres for balconies located above the first step back.
- (e) The north building can be extended eastward to accommodate the space to be leased by the City for use by TPH.
- (f) There will be a minimum 4 metre height for the first storey of both the north and south buildings.

- (g) There will be a setback at grade of 2.0 metres from the west and south property lines, provided that Medallion may build an underground garage to the existing lot lines of the Medallion property, with the exception of making allowance for 1.2 metres (4 feet) of soil where trees are to be planted. Where there is a row of trees, the 1.2 m of soil shall be in the form of a continuous tree trench.
- (h) Medallion shall be entitled to erect a building with a gross construction area of 26,569 square metres, provided that the space to be leased by TPH, including any ground floor expansion necessary beyond the building envelope shown on Map 1, attached, to accommodate the space for TPH, shall be excluded from this calculation.
- (i) Medallion will construct the north and south buildings generally in accordance with the building envelope depicted on Map 1, attached, but minor changes from the building envelope and height depicted on Map 1 may be permitted for limited projections to enhance the site design, the particulars of which shall be delegated to City Planning staff to implement the settlement.
5. Amenity Space - Medallion will provide 1 square metre of interior amenity space for each apartment unit to be constructed on the site.
6. Parking - The lesser of 184 parking spaces or 0.5 spaces per residential unit will be provided within the underground parking garage with visitor parking spaces to be included within the total required spaces and provided at the rate of 0.12 spaces per apartment unit, and the balance of the parking to be made available to residents. In addition, Medallion may create parking spaces along the rear lane and will investigate the possibility of creating two car sharing spaces. If the car sharing arrangement is not successful, Medallion will retain one space for use as either visitor or tenant parking and the City will be entitled to use the other space.
7. Bicycle Parking - Bicycle parking will be provided at the rate of .75 per unit and will not be located within individual storage lockers. There will be no cap on the amount of bicycle parking.
8. Holding Provision - Medallion reserves its right to challenge any holding provision that the City may seek to impose on its land for any reason and this settlement does not preclude this right of appeal.
9. Soft Landscaping - Medallion will maximize soft landscaping at grade and hard landscaping will be replaced with soft landscaping and permeable pavers

where possible. A white (low-emissivity) roofing material and rainwater harvesting will be used.

10. Non-residential Space - Other than the space to be leased to the City of Toronto for TPH, Medallion will have no obligation to create any non-residential space within the north or south buildings but may include as much additional non-residential space as Medallion deems appropriate.
11. Support of Applications at Ontario Municipal Board - The City of Toronto will appear at the Ontario Municipal Board hearing in support of Medallion's official plan amendment and rezoning applications for 45 Lisgar Street, as same will require amendment in accordance with the settlement terms set out herein.
12. All Other Aspects of Applications Remain the Same - All other aspects of Medallion's original official plan amendment and rezoning applications shall remain the same.
13. Delegation of Authority to Staff to Conclude Final Terms and Arrangements If the terms of this offer are acceptable to the Toronto City Council, it will direct staff to conclude and complete this settlement generally in accordance with the terms set out in this settlement offer.

