

From: Tony Prevedel
Chief Administrative Officer

Subject: New Pickering City Centre
- Memorandum of Understanding ("MOU")
- File: D-1000-003-18

Recommendation:

1. That the draft Memorandum of Understanding dated July 16, 2019 regarding the construction of new City facilities and the transfer of certain parcels of land (Attachment No. 1 to this Report) be endorsed.
 2. That City staff be directed to negotiate binding agreements to govern all of the issues set out in the Memorandum of Understanding, and that such binding agreements be brought to Council for final approval; and
 3. That the appropriate City of Pickering officials be authorized to take the necessary actions as indicated in this Report.
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Executive Summary: The Memorandum of Understanding ("MOU") dated July 16, 2019 (Attachment No. 1 to this Report) contains a proposal to build a new, larger Central Library, a Seniors & Youth Centre and a Performing Arts Centre, all in close proximity to the existing Pickering Civic Complex. These new facilities would be located on the west side of Glenanna Road, occupying what is now the east part of the Pickering Town Centre parking lot. A concept Plan showing the proposed location of these new facilities is Attachment No. 2 to this Report. These new public facilities would be surrounded by new residential buildings to the south, on both sides of Glenanna Road at the South Esplanade. The construction of these new public facilities close to the Pickering Civic Complex will create something that has never existed before: a genuinely urban environment in Pickering's downtown core. Artist's renderings of the new public facilities are Attachment No. 3 to this Report. The new facilities will be constructed at the City's expense. The main features of the new City Centre are as follows:

New Library: The new Central Library will be a three storey building of approximately 43,000 square feet in size. It will include a green roof amenity space and will be located on the west side of Glenanna Avenue, as shown on Attachment No. 2.

Seniors & Youth Centre: The new Seniors & Youth Centre will be a 2 storey structure of approximately 63,000 square feet. It will feature 2 full sized gymnasiums, 3 multipurpose activity rooms, a full service kitchen and related amenities and services.

Performing Arts Centre: The new Performing Arts Centre will be a 2-storey, 37,000 square foot facility. It will include a 600-seat theatre space, multi-purpose rooms for arts-related programming, rehearsals, meetings, together with a 5,000 square foot lobby area.

New Public Square: As shown on Attachment No. 2, the new City facilities will be arrayed around a public square space that will act as a meeting place and a focal point for community activity.

New Underground Parking Structure: A 3-storey underground parking structure will be built below the new City facilities. It will have approximately have 930 stalls with 350 dedicated for City uses under a long term lease/maintenance agreement.

Complementing these new public facilities would be new residential development. A 50-storey residential tower would be built above the Seniors & Youth Centre, and residential development would also take place along the South Esplanade, east of Glenanna Road. This new development will help transform the City centre into a true downtown, and it will generate significant property tax revenue for the City.

The MOU is not a binding contract. It is the basis for negotiating binding contracts that will detail all aspects of the design, construction and cost of the new facilities, related improvements and required utilities and services.

Financial Implications: The MOU provides that the new City facilities are to be constructed at the City's expense, but the MOU does not contain cost amounts. It describes the main features of the new City Centre, and is intended to serve as the basis for negotiation and completion of binding agreements that will precisely define the scope of the City Centre project and its costs. A detailed analysis of known costs is found in Report FIN 15-19.

Discussion: The closure of the Sears Canada store at the Pickering Town Centre mall ("PTC") was an unfortunate change in Pickering's retail landscape, but it has resulted in discussions between the City and the mall's owner (OPB Realty Inc., represented by Cushman & Wakefield Asset Services) regarding new and innovative ways of using available space at the mall site. The proximity of the Pickering Civic Complex to newly vacant portions of the mall site presents the City with a unique opportunity: new City facilities can be built on the mall site to function together with the existing Civic Complex. Locating multiple public facilities in one area, and connecting them with innovative and consistent architectural features will enable Pickering to create an entirely new City Centre. Complemented by new residential development, these public facilities will be at the heart of a transformed downtown core.

The Civic Complex and the Pickering Town Centre lie within the City Centre area identified by the City's Official Plan Policies. Those policies call for greater density of development and a more urban mix of built forms and uses. The new facilities and the development described in the MOU delivers on those planning objectives. A City initiated rezoning application has been commenced to enable the new built form described in the MOU. That rezoning was the subject of a Public Information meeting held by the City on June 24, 2019, and will be presented to Council in a recommendation report in September.

The main features of the new City Centre are as follows:

New Library: At approximately 43,000 square feet, the new Central Library will be significantly larger than the existing facility. This expansion will improve the delivery of new and existing services, and provide opportunities to better delineate key areas such as children's programming and seniors programming. The new library will include a green roof feature. The construction of the new library will also facilitate the much-needed expansion of administrative and office space in City Hall into the old Central Library location.

New Seniors & Youth Centre: The new Seniors & Youth Centre will be a 2-storey structure of approximately 41,500 square feet. It will feature 2 full sized gymnasiums, 3 multipurpose activity rooms, a full service kitchen, youth centre with a combined computer, multimedia/games and general activity room, meeting room/boardroom, public change rooms, washrooms and storage rooms. A diverse array of recreation and leisure services will be offered at this community hub. Construction of the new Seniors & Youth Centre will enable the City to close its existing East Shore Community Centre, an undersized and aging building which is costly to maintain.

Performing Arts Centre: The new Performing Arts Centre will be a 2-storey, 27,500 square foot facility. It will include a 600-seat theatre space with world class acoustics, seat comfort and sight lines to accommodate live theatre, music, dance, opera, film, speakers and special events; a multi-purpose room appropriate for a range of programs/activities including meetings, special events, rehearsals, performances and private rentals; classrooms and practice spaces to support arts education, fine arts programming and private rentals; and a 5,000 square foot lobby with concession area suited for large public gatherings, corporate events and art exhibitions.

New Public Square: The new City facilities will be arrayed around a public square space that will act as a meeting place and a focal point for community activity. Through smart and pedestrian-focused design, the City will have the ability to close off sections of Glenanna Road in order to add to the public square and create a massive community gathering space that could accommodate large festivals and special events, such as a Christmas market and an Asian-style night market. All of the facilities will be seamlessly connected via activated and pedestrian-friendly walkways, which will expand the public square concept to the farther reaches of the project.

New Underground Parking Structure: To maximize the public space at ground level, a 3-storey underground parking structure will be built. It is anticipated to have 930 stalls with 350 dedicated for City uses by a long term lease/maintenance agreement. The remaining stalls will be allocated for residential use, to serve the adjacent residential development.

Above the parking structure, title to parcels of real estate (air rights) would be transferred to the City for the new Library, Seniors & Youth Centre and Performing Arts Centre. New residential development would take place on what is now the South Esplanade parking lot, which would be transferred to OPB Realty Inc. ("OPB"). A key component of the new residential development will be a 50 storey residential tower constructed over top the new Seniors & Youth Centre.

The MOU contains a statement that:

the terms of this MOU are entirely non-binding and that any further discussions, negotiations and future understandings between the Parties with regard to the subject matter of this MOU and the PTC Development Proposal remain subject to all necessary due diligence, approvals and authorizations which may be required by the Parties, including, without limitation, ensuring that the contemplated arrangements comply with applicable laws, the conduct and receipt of all necessary financial, design, planning, construction, environmental, geotechnical and other customary real property due diligence, and the receipt of all necessary City Council and PTC Ownership board of directors' approvals, and no binding agreement(s) shall be created or deemed to have been created between the parties unless and until the Parties, each in its sole, absolute and unfettered discretion, have entered into a binding definitive agreement(s) in writing.

Construction contracts, agreements of purchase and sale, lease(s), servicing and maintenance agreements and rezoning to accommodate all new construction must all be in place to make this proposal a reality. For the purpose of finalizing the binding agreements that will define the City Centre project, staff will comprehensively address the host of design and construction issues that a project of this magnitude inevitably raises, including :

- (a) Negotiating fixed price construction contracts for all new City facilities;
- (b) Obtaining real property appraisals to ensure that the South Esplanade lands being transferred to OPB are approximately equivalent in value to the strata parcels and long term leasehold interest being transferred to the City;
- (c) Obtaining appropriate access rights and rights of support in perpetuity for the City facilities being constructed in the strata parcels, to ensure the City's ability to construct, operate, repair and replace the City facilities;
- (d) Obtaining a commercially reasonable assurance that the construction and development contemplated by the MOU will be completed; and
- (e) Relocation/oversizing of required services.


Attachments:

- 1. Draft Memorandum of Understanding dated July 16, 2019.
- 2. Concept Plan of new City Centre area.
- 3. Artist's renderings of proposed new City facilities.

Prepared/Endorsed By:


Paul Bigioni
Director, Corporate Services & City Solicitor

Approved/Endorsed By:


Stan Karwowski
Director, Finance & Treasurer

Recommended for the consideration
of Pickering City Council



July 17, 2019

Tony Prevedel, P.Eng.
Chief Administrative Officer

July 16, 2019 Revised

**Office of the Chief Administrative Officer
The Corporation of the City of Pickering
Pickering Civic Complex
One The Esplanade
Pickering, ON L1V 7K7**

Attention: Tony Prevedel, Chief Administrative Officer, City of Pickering

Dear Tony,

RE: MEMORANDUM OF UNDERSTANDING – CITY CENTRE 2022 PLAN

We are pleased to present, on behalf of the owners of Pickering Town Centre (“**PTC Ownership**”), this memorandum of understanding (“**MOU**”) which will serve as the basis for further discussions between the City of Pickering (the “**City**”) and PTC Ownership (which together are sometimes collectively referred to as the “**Parties**” and individually as a “**Party**”) with a view to facilitating the development objectives of the Parties in creating a vibrant new City Centre. In furtherance of that objective, this MOU will outline a proposal for the development of existing lands at the Pickering Town Centre (which are shown outlined in PURPLE on Schedule A), and certain other lands and which will encompass the provision of new City Facilities and other public realm improvements (the “**PTC Development Proposal**”). The intent of this Memorandum of Understanding will be to serve as the basis for the negotiation and completion of binding agreements between the City and PTC Ownership which will set out more specific details and understandings pertaining to the Parties’ respective obligations in respect of the PTC Development Proposal.

In executing this MOU the Parties understand and acknowledge that the terms of this MOU are entirely non-binding and that any further discussions, negotiations and future understandings between the Parties with regard to the subject matter of this MOU and the PTC Development Proposal remain subject to all necessary due diligence, approvals and authorizations which may be required by the Parties, including, without limitation, ensuring that the contemplated arrangements comply with applicable laws, the conduct and receipt of all necessary financial, design, planning, construction, environmental, geotechnical and other customary real property due diligence, and the receipt of all necessary City Council and PTC Ownership board of directors’ approvals, and no binding agreement(s) shall be created or deemed to have been created between the parties unless and until the Parties, each in its sole, absolute and unfettered discretion, have entered into a binding definitive agreement(s) in writing.

Zoning

In order to meet the design intent of the PTC Development Proposal, PTC Ownership is seeking the following amendments to the Pickering City Centre Zoning By-law 7553/17:

- SCHEDULE 2 - The City Lands south of the Esplanade South (the **"South Block Lands"**) (as shaded in BLUE on Schedule "A" attached) amended from CCC to CC2 in order to permit residential
- SCHEDULE 5 - For identified portions of Pickering Town Centre Lands (**"PTC Lands"**) (as outlined in purple on Schedule "A" attached) amend the maximum height limit to 125 meters and one building located above the Senior and Youth Centre to 155 meters. The South Block Lands will be amended to a height of 125 meters

Any agreement contemplated herein which may be entered into between the Parties shall be conditional upon the above-described zoning amendments being obtained in final form and all applicable appeal periods having expired.

City Facilities

Provided final zoning amendments described in the section entitled "Zoning" above are obtained, PTC Ownership will provide assistance to the City with the development of a new Library, Seniors & Youth Centre, Arts Centre and Parking Structure (collectively, the **"City Facilities"**) on the terms outlined below:

Library

Use:	Municipal library, including all related facilities and services as deemed necessary by the City (the "Library").
Premises:	Approximately 45,000 SF on three levels as shaded in ORANGE on Schedule "A" attached.
Strata Parcel Purchase:	PTC Ownership will, for the price of \$1, convey to the City, title (subject to permitted encumbrances to be agreed between the Parties) to a strata parcel at an agreed location upon/within the PTC Lands and upon which the Library is to be situate, together with such support and access easements as may be necessary for the use and enjoyment of such strata parcel (collectively, the "Library Parcel").
Operating Agreement:	It is intended that, concurrent with the purchase of the Library Parcel by the City, the City and PTC Ownership will have negotiated and entered into a mutually agreeable form of operating and cost sharing agreement respecting the control and use of external common area space on certain portions of the PTC Lands within the lands generally shown outlined in PURPLE on Schedule A which are adjacent to the Library, and which the City, the general public and patrons of the Library shall have the non-exclusive right to use in common with PTC Ownership and tenants and patrons of Pickering Town Centre and the

PTC Lands, to be more particularly set out in the Operating Agreement (the “**Library PTC Common Area**”). The Operating Agreement will include, but not be limited to, operation, maintenance, security and insurance of the Library PTC Common Area, and each of the Parties will be responsible to pay their proportionate share of the costs thereof on a basis to be agreed.

Completion Date: Estimated to be July 1, 2022

Construction of Library: The City will enter into a procurement, design and construction management agreement (the “**Library Construction Management Agreement**”) with a development manager, to be mutually agreeable to PTC Ownership and the City, (the “**City Development Manager**”), pursuant to which the City Development Manager will undertake to oversee the procurement, design and construction of the Library on behalf of the City, including, without limitation, all fixturing and interior fit out. The City Development Manager will take direction from the City on all aspects of the procurement, design and construction, and the building will be designed, built and furnished in accordance with City approved plans and specifications. Under the terms of the Library Construction Management Agreement, the City Development Manager will receive a fee equal to 4.5% of the Library project costs, on a basis to be agreed in the Library Construction Management Agreement (the “**Library CMA Fee**”). Any construction contract, architects contract, and other consultants’ agreements relating to the Library will be entered into directly between the City and such contractor, architect and other consultants.

Construction Cost: It is intended that City will be responsible for all costs relating to the procurement, design and construction of the Library, including the Library CMA Fee and, on a basis to be agreed in the Library Construction Management Agreement, the cost of the staff of the City Development Manager who are directly involved in the construction and interior design/build out of the Library.

Timing of Payments: Under the terms of the Library Construction Management Agreement, the City Development Manager will prepare monthly draws for verification and payment by the City as the design and construction of the Library progresses.

Parking: Included in Parking Structure section.

Utilities: The Library will be separately metered and the City will pay the cost of all utilities directly to the utility provider.

Seniors & Youth Centre

Use:	Seniors and Youth Centre, including all related facilities and services as deemed necessary by the City (the “ S&YC ”).
Premises:	Approximately 60,000 SF on two levels approximately as shaded in yellow on Schedule “A” attached.
Strata Parcel Purchase:	PTC Ownership will, for the price of \$1, convey to the City, title (subject to permitted encumbrances to be agreed between the Parties) to a strata parcel at an agreed location upon/within the PTC Lands upon which the S&YC is to be situate, together with such support and access easements as may be necessary for the use and enjoyment of such strata parcel (the “ S&YC Parcel ”).
Operating Agreement:	It is intended that, concurrent with the purchase of the S&YC Parcel by the City, the City and PTC Ownership will have negotiated and entered into a mutually agreeable form of operating and cost sharing agreement respecting the control and use of external common area space on certain portions of the PTC Lands within the lands generally shown outlined in PURPLE on Schedule A which are adjacent to the S&YC, and which the City, the general public and patrons of the S&YC shall have the non-exclusive right to use in common with PTC Ownership and tenants and patrons of Pickering Town Centre and the PTC Lands, to be more particularly set out in the Operating Agreement (the “ S&YC PTC Common Area ”). The Operating Agreement will include, but not be limited to, operation, maintenance, security and insurance of the S&YC PTC Common Area, and each of the Parties will be responsible to pay their proportionate share of the costs thereof on a basis to be agreed.
Completion Date:	Estimated to be July 1, 2022
Construction of S&YC:	The City will enter into a procurement, design and construction management agreement(the “ S&YC Construction Management Agreement ”), with PTC Ownership, pursuant to which PTC Ownership will undertake to oversee the procurement, design and construction of the S&YC on behalf of the City, including, without limitation, all fixturing and interior fit out. Cushman & Wakefield Asset Services ULC, as agent and manager for PTC Ownership (the “ PTC Ownership Development Manager ”), will take direction from the City on all aspects of the procurement, design and construction, and the building will be designed, built and furnished in accordance with City approved

plans and specifications. Under the terms of the S&YC Construction Management Agreement, the PTC Ownership Development Manager will receive a fee equal to 4.5% of the S&YC project costs, on a basis to be agreed in the S&YC Construction Management Agreement (the “**S&YC CMA Fee**”). Any construction contract, architects contract, and other consultants’ agreements relating to the S&YC will be entered into directly between the City and such contractor, architect and other consultants.

Construction Cost:	It is intended that City will be responsible for all costs relating to the procurement, design and construction of the S&YC, including the S&YC CMA Fee and, on a basis to be agreed in the S&YC Construction Management Agreement, the cost of the staff of the PTC Ownership Development Manager who are directly involved in the construction and interior design/build out of the S&YC.
Timing of Payments:	Under the terms of the S&YC Construction Management Agreement the PTC Ownership Development Manager will prepare monthly draws for verification and payment by the City as the design and construction of the S&YC progresses.
Parking:	Included in Parking Structure section.
Utilities:	The S&YC will be separately metered and the City will pay the cost of all utilities directly to the utility provider.

Arts Centre

Use:	Living Arts theatre and concert hall, including all related facilities and services as deemed necessary by the City (the “ Arts Centre ”), specifically excluding the showing of motion pictures and certain other on screen presentations on a basis to be agreed.
Premises:	An Arts Centre containing up to 600 seats as shaded in red on Schedule “A” attached.
Strata Parcel Purchase:	PTC Ownership will, for the price of \$1, convey to the City, title (subject to permitted encumbrances to be agreed between the Parties) to a strata parcel at an agreed location upon/within the PTC Lands upon which the Arts Centre is to be situate, together with such support and access easements as may be necessary for the use and enjoyment of such strata parcel (the “ Arts Centre Parcel ”).
Operating Costs:	It is intended that, concurrent with the purchase of the Arts Centre Parcel by the City, the City and PTC Ownership will have negotiated and entered into a mutually agreeable form of operating and cost

sharing agreement respecting the control and use of external common area space on certain portions of the PTC Lands within the lands generally shown outlined in PURPLE on Schedule A which are adjacent to the Arts Centre, and which the City, the general public and patrons of the Arts Centre shall have the non-exclusive right to use in common with PTC Ownership and tenants and patrons of Pickering Town Centre and the PTC Lands, to be more particularly set out in the Operating Agreement (the “**Arts Centre PTC Common Area**”). The Operating Agreement will include, but not be limited to, operation, maintenance, security and insurance of the Arts Centre PTC Common Area, and each of the Parties will be responsible to pay their proportionate share of the costs thereof on a basis to be agreed.

Completion Date: Estimated to be July 1, 2022

Construction of Arts Centre: The City will enter into a procurement, design and construction management agreement (the “**Arts Centre Construction Management Agreement**”) with the City Development Manager, pursuant to which the City Development Manager will undertake to oversee the procurement, design and construction of the Arts Centre on behalf of the City, including, without limitation, all fixturing and interior fit out. The City Development Manager will take direction from the City on all aspects of the procurement, design and construction, and the building will be designed, built and furnished in accordance with City approved plans and specifications. Under the terms of the Arts Centre Construction Management Agreement, the City Development Manager will receive a fee equal to 4.5% of the Arts Centre project costs, on a basis to be agreed in the Arts Centre Construction Management Agreement (the “**Arts Centre CMA Fee**”). Any construction contract, architects contract, and other consultants’ agreements relating to the Arts Centre will be entered into directly between the City and such contractor, architect and other consultants.

Construction Cost: It is intended that City will be responsible for all costs relating to the procurement, design and construction of the Arts Centre, including the Arts Centre CMA Fee and, on a basis to be agreed in the Arts Centre Construction Management Agreement, the cost of the staff of the City Development Manager who are directly involved in the construction and interior design/build out of the Arts Centre”.

Timing of Payments: Under the terms of the Arts Centre Construction Management Agreement the City Development Manager will prepare monthly

draws for verification and payment by the City as the design and construction of the Arts Centre progresses.

Parking: Included in Parking Structure section

Utilities: The Arts Centre will be separately metered and the City will pay the cost of all utilities directly to the utility provider

Parking Structure

Use: Parking structure, including all related facilities and services as deemed necessary by the City, for use by the City, and patrons of City Facilities, as described below (the “**Parking Structure**”).

Premises: 350 parking stalls below grade.

Strata Lease PTC Ownership will, for the price of \$1, grant to the City, a 99 year lease (the “**Parking Structure Lease**”) of a subsurface strata parcel (subject only to permitted encumbrances to be agreed between the Parties) at an agreed location upon/within the PTC Lands upon which the Parking Structure is to be situate, together with such support and access rights thereunder as may be necessary for the use and enjoyment of such strata parcel. The Parking Structure Lease shall be net to the landlord. Without limiting the foregoing, the City will be responsible, at its cost, for the operation, maintenance, repair, security, insurance and property taxes relating to the Parking Structure (subject to the Parking Management Agreement described below).

Operating Costs: It is intended that, concurrent with the entering into of the Parking Structure Lease, the City and PTC Ownership will have negotiated and entered into a mutually agreeable form of operating and cost sharing agreement (having a term which is co-terminus with the Parking Structure Lease) respecting the control and use of external common area space on certain portions of the PTC Lands within the lands generally shown outlined in PURPLE on Schedule A which are adjacent to the Parking Structure, and which the City, the general public and patrons of the City Facilities shall have the non-exclusive right to use in common with PTC Ownership and tenants and patrons of Pickering Town Centre and the PTC Lands, to be more particularly set out in the Operating Agreement (the “**Parking Structure PTC Common Area**”). The Operating Agreement will include, but not be limited to, operation, maintenance, security and insurance of the Parking Structure PTC Common Area, and each of the Parties will be

responsible to pay their proportionate share of the costs thereof on a basis to be agreed.

Completion Date: Estimated to be July 1, 2022

Construction of Parking Structure: The City will enter into a procurement, design and construction management agreement (the “**Parking Structure Construction Management Agreement**”), with PTC Ownership, pursuant to which PTC Ownership will undertake to oversee the procurement, design and construction of the Parking Structure. The PTC Ownership Development Manager as agent and manager for PTC Ownership will take direction from the City on all aspects of the procurement, design and construction, and the structure will be designed, built and furnished in accordance with City approved plans and specifications. Under the terms of the Parking Structure Construction Management Agreement, the PTC Ownership Development Manager will receive a fee equal to 4.5% of the Parking Structure project costs, on a basis to be agreed (the “**Parking Structure CMA Fee**”). Any construction contract, architects contract, and other consultants’ agreements relating to the Parking Structure will be entered into directly between the City and such contractor, architect and other consultants.

Construction Cost: It is intended that City will be responsible for all costs relating to the procurement, design and construction of the Parking Structure, including the Parking Structure CMA Fee and, on a basis to be agreed, the cost of the staff of the PTC Ownership Development Manager who are directly involved in the construction and interior design/build out of the Parking Structure].

Timing of Payments: Under the terms of the Parking Structure Construction Management Agreement the PTC Ownership Development Manager will prepare monthly draws for verification and payment by the City as the design and construction of the Parking Structure progresses.

Utilities: The Parking Structure will be separately metered and the City will pay the cost of all utilities directly to the utility provider.

Management: It is intended that the Parties will enter into a parking management agreement (the “**Parking Management Agreement**”) under which the Parking Structure will be operated, managed, secured, repaired and maintained by PTC Ownership on behalf of the City, at the City’s expense, on a basis and fee to be agreed. Should the City elect to charge for the parking within the Parking Structure, the Parking

Management Agreement will include the payment of an additional fee to PTC Ownership on a revenue share basis on terms to be agreed.

South Block Lands

It is intended that, concurrent with the Zoning amendments in respect of the South Block Lands, and provided PTC Ownership has conveyed to the City, the Library Parcel, the S&YC Parcel and the Arts Centre Parcel and entered into the Parking Structure Lease, the City will, for the price of \$1, convey title to the South Block Lands to PTC Ownership (or such other company or entity as directed by PTC Ownership), subject to permitted encumbrances to be agreed between the Parties, following reconfiguration as described below. The City shall use commercially reasonable efforts to obtain the required zoning amendments for the South Block as set out in the “zoning” section of this Memorandum of Understanding.

The conveyance of the South Block Lands by the City to PTC Ownership as well as the conveyance of the Library Parcel, the S&YC Parcel, the Arts Centre Parcel and the granting of the Parking Structure Lease by PTC Ownership to the City, will be conditional upon the City making certain that adequate sanitary, storm and water service capacity to permit the development of the South Block Lands as intended by PTC Ownership.

To the extent City parking on the South Block Lands is temporarily displaced during the construction by PTC Ownership on the South Block Lands, PTC Ownership will provide replacement parking at an agreed location on PTC Lands at no cost to the City.

Ancillary Public Realm Improvements

PTC Ownership shall construct, at its cost, the public realm improvements which are to be constructed on the PTC Lands, as outlined in red on Schedule A, and the City shall construct, at its cost, the public realm improvements which are to be constructed on the City Parcels as outlined in green on Schedule A. The scope and details of each of the Party’s respective public realm improvements will be on a basis to be agreed. The Parties have agreed that the public realm improvements will be completed prior to occupancy of the City Facilities, and they will use all commercially reasonable efforts to effect the completion of same to ensure timely occupancy of the City Facilities.

Service Capacity

The City has engaged Sabourin Kimble & Assoc. consulting engineers to determine whether sufficient sanitary sewer and water capacity exists in the Regional sewer and water main to permit the construction of the City Facilities, PTC Ownership’s intended development of the South Block Lands and the PTC Lands, and the existing uses on the lands of PTC Ownership and relevant third parties and it has been determined that additional sanitary sewer or water capacity is not required for such purposes.

Any agreement which may be entered into between the Parties shall be conditional upon there being sufficient storm sewer capacity to service the City Facilities and PTC Ownership's intended developments on the South Block Lands and the PTC Lands.

Service Relocation

In order to permit the construction of the Parking Structure, the existing sanitary sewer, storm sewer and water main located within the area identified as Phase 1 Servicing Limits on Schedule A attached hereto (the "Phase 1 Services") will need to be relocated from the PTC Lands onto Glenanna Road. PTC Ownership will undertake the relocation of the Phase 1 Services including restoration of Glenanna Road, on behalf of the City, at the City's expense, such work to be done concurrently with the demolition of existing improvements on the PTC Lands which are scheduled to commence in August 2019.

The existing sanitary sewer, storm sewer and water main located within the area identified as Phase 2 Servicing Limits on Schedule A attached hereto (the "Phase 2 Services"), may be relocated by PTC Ownership, at its expense, concurrently with the relocation of the Phase 1 Services and restoration of Glenanna Road, or at such later date as may be determined by PTC Ownership and agreed to by the City.

In the event that the Phase 2 Services are not relocated concurrently with the relocation of the Phase 1 Services, the City will, at its expense, tie the relocated Phase 1 Services into the existing services for Pickering Town Centre until such time as the Phase 2 Services are relocated.

Design Intent

The Parties have agreed that the master plan and design for the PTC Development Proposal, including the City Facilities, and including the layout, building massing and road configurations on the PTC Lands, including access points to and from the PTC Lands and Glenanna Road, are as shown on the plan attached as Schedule A and the renderings as shown on Schedule B attached hereto.

[SIGNATURE PAGE FOLLOWS]

We look forward to working with you on this exciting project.

PTC OWNERSHIP, currently OPB Realty Inc.,

by its agent and manager Cushman and Wakefield Asset Services ULC

Per: _____
George Buckles
(Authorized Signatory)

We hereby acknowledge and agree to the above.

CORPORATION OF THE CITY OF PICKERING

Per: _____
Name:
(Authorized Signatory)

SCHEDULE "A"



Arts Centre
Footprint : 2,254 sm | 24,262 sf

City Lands

PTC Lands

PHASE 1 PTC Lands

Parking Garage Lands

Library
Footprint : 1,794 sm | 19,310 sf

PHASE 1 SERVICING LIMITS

PHASE 2 SERVICING LIMITS

GLENNA ROAD

HICKERING CITY HALL

SKATING RINK

THE ESPLANADE SOUTH

SOUTH BLOCK

Easement through South Block
for pedestrian and car traffic
(excluding commercial traffic)
to The South Esplanade

Youth/Seniors Centre
Footprint : 4,084 sm | 43,745 sf

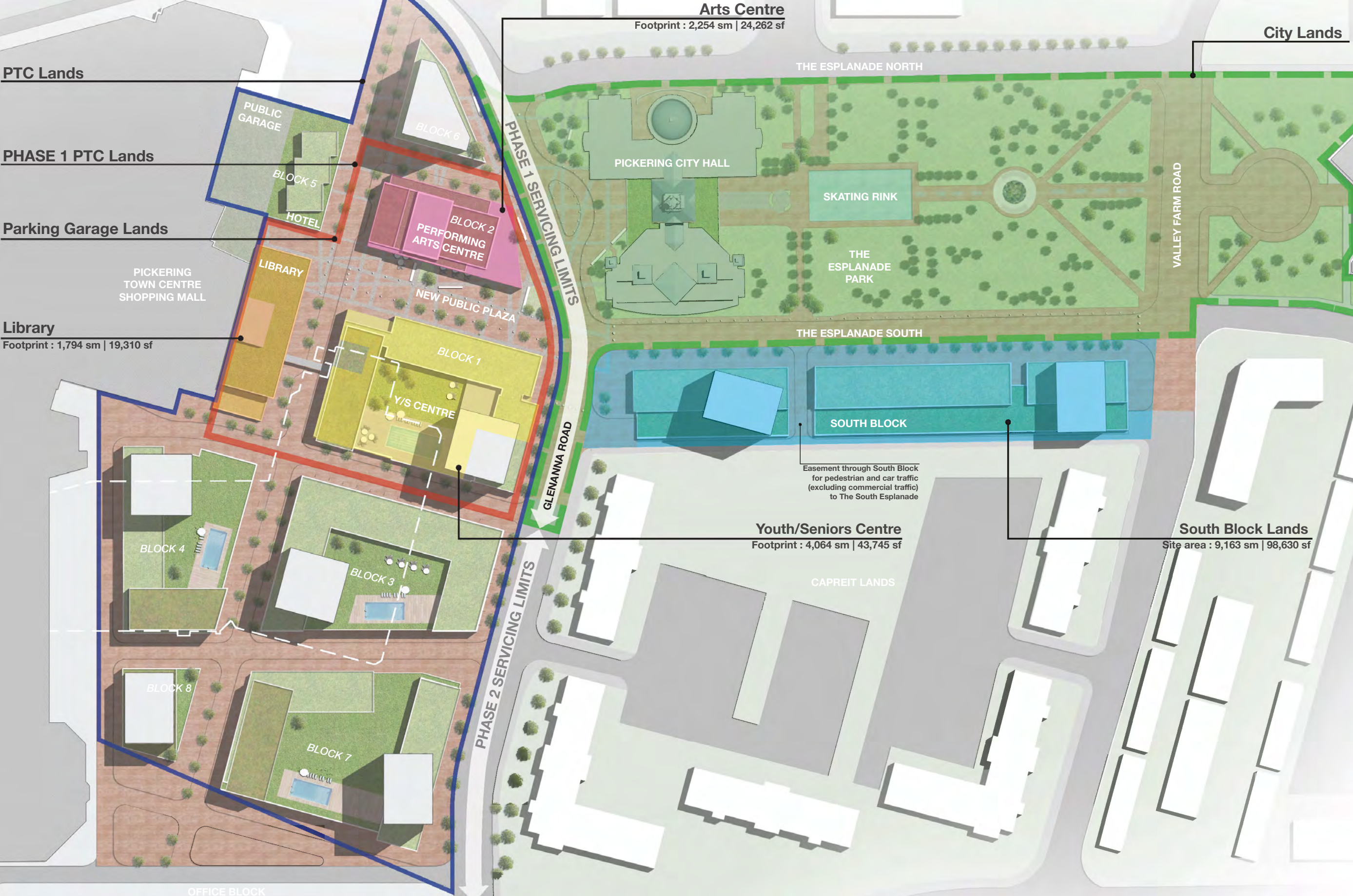
South Block Lands
Site area : 9,163 sm | 98,630 sf

SCHEDULE "B"

SCHEDULE B







PTC Lands

PHASE 1 PTC Lands

Parking Garage Lands

Library
Footprint : 1,794 sm | 19,310 sf

Arts Centre
Footprint : 2,254 sm | 24,262 sf

City Lands

THE ESPLANADE NORTH

PICKERING CITY HALL

SKATING RINK

THE ESPLANADE PARK

VALLEY FARM ROAD

PICKERING RECREATION COMPLEX

PHASE 1 SERVICING LIMITS

GLENANNA ROAD

PHASE 2 SERVICING LIMITS

THE ESPLANADE SOUTH

SOUTH BLOCK

Easement through South Block for pedestrian and car traffic (excluding commercial traffic) to The South Esplanade

Youth/Seniors Centre
Footprint : 4,064 sm | 43,745 sf

South Block Lands
Site area : 9,163 sm | 98,630 sf

CAPREIT LANDS















