

Sale of 610 Bay Street and 130 Elizabeth Street

Date: September 26, 2023

To: Toronto Coach Terminal Inc. Board of Directors

From: TTC Chief Capital Officer

Summary

This report seeks approval to enter into an Offer to Sell and an Agreement of Purchase and Sale between Toronto Coach Terminal Inc. (TCTI) and the City of Toronto to enable the sale of 610 Bay Street and 130 Elizabeth Street from TCTI to the City of Toronto. The City has been responsible for all maintenance and financial obligations of the properties since the expiry of the previous lease in July 7, 2021, and upon closing, the City will be responsible for all the obligations of the properties, including financial, environmental, and maintenance obligations. Upon entering into the Offer to Sell and Agreement of Purchase and Sale, TCTI will receive \$4.2 million at the earlier of the sale of one or both of the properties by the City of Toronto to a third party or after seven (7) years.

Recommendations

It is recommended that the Board:

1. Authorize Toronto Coach Terminal Inc. to enter into the Offer to Sell with the City of Toronto for 610 Bay Street and 130 Elizabeth Street on terms and conditions, including the following, to the satisfaction of General Counsel, Toronto Coach Terminal Inc.:
 - i. Upon the closing of the sale of the properties, the City of Toronto will be responsible for all obligations of the properties, including financial, environmental, and maintenance obligations.
 - ii. Upon the sale by the City of Toronto of one or both of the properties to a third party, the City of Toronto will pay TCTI \$4.2 million, or, alternatively, if no sale occurs, the City of Toronto will pay TCTI \$4.2 million seven (7) years after entering into the Offer to Sell. The City of Toronto will be responsible for the payment of the Land Transfer Tax as part of their purchase of the 610 Bay Street and 130 Elizabeth Street.
2. Authorize Toronto Coach Terminal Inc. to enter into any required agreements, including the Agreement of Purchase and Sale, with the City of Toronto for the Toronto Coach Terminal Inc. properties, on the same terms and conditions as the

Offer to Sell, to enable the sale of 610 Bay Street and 130 Elizabeth Street to the City of Toronto, on terms and conditions to the satisfaction of General Counsel, Toronto Coach Terminal Inc.

Financial Summary

At the earlier of seven (7) years from entering into the Offer to Sell, or upon the sale of one or both of the properties by the City of Toronto to a third party, TCTI will receive \$4.2 million from the City of Toronto. The City of Toronto will be responsible for the payment of the Land Transfer Tax. Since July 7, 2021, the City of Toronto has been responsible for all financial and maintenance obligations of the properties when the properties were vacated by the previous tenant. Upon the closing of the sale of the properties, the City of Toronto will be responsible for all obligations of the properties, including environmental obligations

The payment in the amount of \$4.2 million is consistent with the amount approved by the TCTI Board on June 21, 2021 to receive for these properties and represents the following:

1. To repay an outstanding loan balance due to the Toronto Transit Commission (TTC). The original loan value was \$13.6 million and was advanced on December 17, 1991 to Metro Toronto Coach Terminal Incorporated (as TCTI was then) to fund the final dividend declared by Metro Toronto Coach Terminal Incorporated to the TTC.
2. To ensure that TCTI will have sufficient funds available to maintain and fund required advances to its subsidiary, the Toronto Transit Commission Insurance Company Limited (TTCICL). In accordance with TTCICL's license, TTCICL is required to maintain at all times cash or securities in an amount not less than one month's claims and operating expenses. Currently, a \$2.6 million advance is in place between TCTI and TTCICL to meet this requirement. In 2021, TTCICL coverage was extended to cover the City of Toronto's automobile risks, therefore the amount required to have one month's claims and operating expenses on hand is expected to increase.

Following the sale of the properties to the City of Toronto, the City of Toronto will sell the properties to a third party for the development of one or both of the properties. Proceeds of sale from the City to a third party are expected to exceed \$4.2 million. The additional amount will be retained by the City consistent with the "Policy Governing Land Transactions Among City Agencies, Boards, Commissions and Departments and Proceeds from Sale of Surplus City-Owned Real Property" (Clause 1 of Report No. 9 of the Policy and Finance Committee, as adopted by City Council on June 18, 19 and 20, 2002).

The TCTI Treasurer has reviewed this report and agrees with the financial impact information.

Equity/Accessibility Matters

Upon the sale of the properties by the City of Toronto to a third party for the development of one or both properties, any development of the properties will be required to meet the accessibility requirements of the Ontario *Building Code*.

Decision History

In its May 18, 2017 meeting, the TTC Board received a report containing supplemental information on additional properties that were not in the September 2016 report. Link to the report:

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2017/May-18/11_Surplus_Land_Review_Additional_Properties_List.pdf?rev=9d74f3d17fa94450bf53c01e23d109b3&hash=0E94EA97648B1A7CF2D41CCED8FFBB9A

In its March 20, 2018 meeting, the TTC Board received an update to the Surplus Land Review (Phase 2), which outlined costs associated with studying and protecting properties identified as having redevelopment potential. Link to the report:

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2018/March-20/6_Surplus_Property_Review_Phase_2_Update.pdf?rev=44e19cf778124bdca0ce50308a5aef40&hash=BAA0E09ABBF44D49C3551CF17EC00283

A report identifying properties as potential for redevelopment was considered by the City of Toronto Executive Committee on October 23, 2019 and by the City of Toronto Council on October 29 and 30, 2019. Link to the report:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX9.2>

In its June 16, 2021 meeting, the TCTI Board approved the transfer of operational management of the 610 Bay Street and 130 Elizabeth Street properties to the City of Toronto and upon such transfer, the City of Toronto would assume all obligations respecting the properties, including financial, environmental, and maintenance obligations, and provide payment of \$4.2 million to TCTI upon the sale or development of one or both properties. Link to the report:

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/TTC-Subsidiary-Companies/Toronto-Coach-Terminal-Inc/2021/June/Directors/2_GACCTO_Lease_Expiry_and_Proposed_Turnover_Agreement.pdf?rev=8f86b95d77964920b5920daf170eb575&hash=E9580E2A93D2EE4F44F15673B1CBC663

Issue Background

The lease of the properties to Greyhound and Coach Canada Toronto Operations Ltd. (GACCTO) expired on July 7, 2021, and as TCTI and TTC had no need for the properties, in June 2021 the TCTI Board approved the transfer of operational management of the properties from TCTI to the City of Toronto under certain conditions, including the payment of \$4.2 million from the City to TCTI upon the occurrence of the earlier of: (A) the sale of one or both of the properties; (B) the execution of any agreement between the City of Toronto and a third party in respect of the development of one or both of the properties; and (C) the approval by City of Toronto Council of an application by the City of Toronto to rezone one or both of the properties.

To move forward with the next stages of the redevelopment process, staff have determined that a formal Offer to Sell is required.

As a result, it is recommended that TCTI sell the properties to the City of Toronto if consistent with the requirements approved by the TCTI Board on June 16, 2021, which were:

- 1) The City of Toronto will be responsible for all obligations, liabilities and rewards with respect to the properties, including the management of the tenancies (including carrying out all landlord obligations as required under the leases and the collection of rent), payment of property taxes, and carrying out the security, maintenance, repair and replacement of the properties;
- 2) The City of Toronto will continue to be responsible for all environmental liability both on and off the properties; and
- 3) The City of Toronto will pay to Toronto Coach Terminal Inc. \$4.2 million upon the sale of one or both of the properties to a third party.

In addition, to ensure payment of the outstanding monies to TCTI, the Offer to Sell will require that if the City has not sold one or both of the properties to a third party, the City will pay TCTI \$4.2 million seven (7) years after entering into the Offer to Sell.

Comments

All principal terms and conditions of the Offer to Sell have been finalized. The Offer to Sell meets TCTI's requirements for the disposal of the properties as approved by the TCTI Board Report in its June 16, 2021 meeting. The Agreement of Purchase and Sale will include the terms and conditions set out in the Offer to Sell.

The City of Toronto and CreateTO are facilitating the sale of the properties to a third party through a two-stage market offering process. Stage One began on November 21, 2022, when CreateTO issued a Request for Expression of Interest seeking interested parties to redevelop the properties to include affordable housing, a Toronto Paramedics multi-hub, commercial space targeted to the Medical Sciences sector, and adaptive reuse of the significant heritage building while adhering to the City of Toronto's strategic investment policy.

Submissions from interested parties in Stage One were reviewed, evaluated and scored by a six-person evaluation team, overseen by the Fairness Monitor. Through the evaluation process, a shortlist of qualified proponents were identified to be a part of Stage Two, which is the Request for Proposal process. CreateTO will invite the shortlisted proponents to participate in the Request for Proposal process in September 2023. The target date for the City of Toronto to sell the properties to a third party is in Q2 of 2025.

The execution of the Offer to Sell and Agreement of Purchase and Sale for the sale of the properties to the City of Toronto will completely release TCTI of all obligations related to the properties and provide payment of \$4.2 million to TCTI at the earlier of seven (7) years from entering into the Offer to Sell, or upon the sale of one or both properties from the City of Toronto to a third party.

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Signature

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