



BAYSIDE DEVELOPMENT SELECTION PROCESS BACKGROUND

Much of the land being revitalized along Toronto's waterfront is publicly owned. Waterfront Toronto has development control of these lands and to facilitate revitalization we work with public and private sector partners who buy or lease the land for development. The revenue from land sales is then reinvested into funding and building public infrastructure.

Waterfront Toronto has successfully concluded two private sector development proposal calls resulting in development agreements with Urban Capital for the River City Project in the West Don Lands and Great Gulf Group of Companies for the Parkside development site in East Bayfront.

Bayside, a four hectare (10 acre) development parcel in the new waterfront neighbourhood of East Bayfront owned by the City of Toronto, is our third and largest private sector development project.

Waterfront Toronto Selection Process

Prior to selling land to a developer, Waterfront Toronto undertakes a competitive two stage selection process. While the specific terms and conditions of our land sale transactions require confidentiality, Waterfront Toronto's process for *how* these selections are made is transparent.

First, we issue a Request for Qualifications (RFQ) to notify the market of the opportunity and to elicit responses from interested parties. To ensure that we are dealing with groups that can deliver the applicable project, we use external experts to evaluate the experience and capabilities of potential proponents during the RFQ stage. We also assess the overall team and its commitment to design excellence and sustainability. Using these criteria, we narrow the list down to three to six developers and invite them to participate in a Request for Proposals (RFP). Once the RFQ process is complete and the shortlisted teams are announced the RFP process begins. Scoring from the RFQ process does not carry over into the RFP stage.

Our objective is to identify a preferred proponent who will deliver the project to the high standards set for the waterfront. We are looking for teams that have the vision and expertise to implement sustainable urban development that is not simply a new part of the city but part of a full time mixed-use place of living, employment, recreation, entertainment and public/cultural activity, vibrant public spaces and exceptional architecture.

Waterfront Toronto's mandate is to revitalize the waterfront and not merely redevelop it. Our public policy agenda means that we want to get the best value for society. We judge each proposal on cost, vision, design, sustainability and execution to ensure that we are getting the best overall

value for the public asset, not just the highest price. We want a competitive market price and the rest is judged on those other criteria.

Our RFQ/RFP processes are overseen by a Steering Committee which includes subject matter experts in design, real estate and sustainability. Input is also sought from area stakeholders. To ensure that our RFQ/RFP processes are fairly and consistently managed they are also overseen by an independent Fairness Advisor.

Bayside Development

To select a private sector development partner for Bayside, Waterfront Toronto followed the two stage RFQ/RFP process. The Bayside Steering Committee included representatives of Waterfront Toronto, the City of Toronto and subject matter experts in design, sustainability and real estate.

Request for Qualifications Stage

Waterfront Toronto publically launched the Bayside RFQ on March 7, 2008 at a developer breakfast and media briefing in Toronto. Given the importance of the Bayside site, Waterfront Toronto promoted the opportunity broadly during the RFQ stage to draw the highest calibre private sector developers from around the world. The opportunity was advertised in major business and real estate publications and it was promoted at MIPIM, the world's premier real estate and development conference, in 2008. A dedicated development website was also created to ensure that prospective bidders had equal access to all available information.

The RFQ closed on May 16, 2008. Thirteen development teams from around the world responded to the RFQ. The proponents were evaluated against the following criteria:

- Financial strength/ability to deliver the project
- Vision statement
- Experience of the lead proponent
- Proponent's team experience
- Key personnel experience and qualifications

The following four teams were shortlisted and asked to respond to the RFP:

- The Cadillac Fairview Corporation Limited (Canada), Monarch (Canada), Fram Building Group Limited (Canada), and Albanese Development Corporation (USA)
- Hines (USA)
- Menkes Development Ltd. (Canada) and AEW Capital Management LP (USA)
- Walker Corporation Pty Ltd. (Australia) and Cityzen Development Corporation (Canada)

Request for Proposals Stage

RFP submissions were originally due in January 2009. However, given the dramatic change in economic conditions following the completion of the RFQ, Waterfront Toronto extended the final submissions date to November 19, 2009.

In early December 2009, the proponents were invited to Toronto for an interview with the Steering Committee. During the interview, each team was given an opportunity to introduce their team and present their vision for the Bayside site. Following the presentation, the team was then required to answer a set of pre-established questions that were the same for all proponents.

A proposal score was established for each team based on the following set of criteria and weighting stemming from Waterfront Toronto’s long term policy objectives and overall vision for East Bayfront:

<p><u>City Building Criteria</u></p> <ul style="list-style-type: none"> • Vision • Design and development concept • Sustainability plan • Implementation and marketing • Business structure and project management 	<p>60%</p>
<p><u>Financial Criteria</u></p> <ul style="list-style-type: none"> • Financial submission • Value and cost efficiency 	<p>40%</p>

The final proposal score was based on an evaluation of both the proponent’s written submission and the results of the interview.

Process Oversight

For all of our development RFQ/RFP processes, Waterfront Toronto engages both an independent process manager and a Fairness Advisor. The Fairness Advisor for the Bayside RFQ/RFP process was the Honourable Justice Coulter A. Osborne, former Ontario Supreme Court Justice and Integrity Commissioner of Ontario.

Public consultation was also incorporated into the Bayside decision-making process. During the RFP review stage, feedback from a confidential stakeholder session that included a range of interested and affected stakeholders and community groups was factored into the decision-making process. Stakeholders had an opportunity to review the proposals and provide comments to the process manager.