



April 30, 2014

Ms. Sara Badyal
Planner 2
Development Applications Division
City of Richmond

Dear Sara,

Re: Community Amenity Contribution - Imperial Landing

As a consultant to Onni Group, I have been authorized by the developer to present **three options** for providing some additional community amenity contributions related to its Imperial Landing commercial development in response to Planning Committee's direction:

Option 1

- **4,000 square feet of floor area within Imperial Landing will be leased to the City of Richmond for a 5-year term at a below market rate of \$25 per square foot (triple net). One 5-year renewal option would be provided at the same rate of \$25 per square foot (triple net). Based on current a market rental rate level at Imperial Landing in the estimated range of \$32-\$35 per square foot in Years 1-5 and \$35-\$40 per square foot in Years 6-10, this represents a total additional non-cash contribution by the developer in the range of \$340,000 to \$500,000.**
- **Future lease rates (i.e. after Year 10) for the 4,000 square feet of space will be calculated based on the average annual increase in the Consumer Price Index over the preceding 10 years.**
- **An additional \$500,000 cash contribution would be contributed to the Steveston Community Amenity provision account.**
- **A lease termination clause will be inserted in all leases entered into for Building 6 to provide for possible maritime related uses in the future. Modifications have been made to the proposed termination clause since the Planning Committee meeting of April 8.**

Option 2

- **4,000 square feet of floor area within Building 6 would be leased to the City of Richmond at \$0 per square foot (triple net) for one 5-year lease term. There would be one 5-year renewal option at a below a market rental rate of \$25 per square foot (triple net). Based on current a market rental rate level at Imperial Landing in the estimated range of \$32-\$35 per square foot in Years 1-5 and \$35-\$40 per square foot in Years 6-10, this represents a total additional non-cash contribution by the developer of approximately \$840,000 to \$1,000,000.**

- The balance of the commercial floor area in Building 6 (approximately 5,000 square feet) would be leased to the City of Richmond for one 5-year term at a below market rental rate of \$25 per square foot (triple net). One 5-year renewal option would be provided at the same rate of \$25 per square foot (triple net). Based on current a market rental rate level at Imperial Landing in the estimated range of \$32-\$35 per square foot in Years 1-5 and \$35-\$40 per square foot in Years 6-10, this represents a total additional non-cash contribution by the developer in the range of \$425,000 to \$625,000.
- Future lease rates (i.e. after Year 10) will be calculated based on the average annual increase in the Consumer Price Index over the preceding 10 years.
- A \$500,000 cash contribution would be contributed to the Steveston Community Amenity provision account.

Option 3

- 4,000 square feet of floor area within Building 5 would be leased to the City of Richmond at \$0 per square foot (triple net) for one 5-year lease term. There would be one 5-year renewal option at a below a market rental rate of \$25 per square foot (triple net). Based on current a market rental rate level at Imperial Landing in the estimated range of \$32-\$35 per square foot in Years 1-5 and \$35-\$40 per square foot in Years 6-10, this represents a total additional non-cash contribution by the developer of approximately \$840,000 to \$1,000,000.
- The balance of the commercial floor area in Building 5 (approximately 8,828 square feet) would be leased to the City of Richmond for one 5-year term at a below market rental rate of \$25 per square foot (triple net). One 5-year renewal option would be provided at the same rate of \$25 per square foot (triple net). Based on current a market rental rate level at Imperial Landing in the estimated range of \$32-\$35 per square foot in Years 1-5 and \$35-\$40 per square foot in Years 6-10, this represents a total additional non-cash contribution by the developer in the range of \$750,380 to \$1,103,500.
- Future lease rates (i.e. After Year 10) for entire Building 5 (approximately 12,828 square feet) would be leased to the City of Richmond at following rate which is below Market rental rate
 - Year 11- 15, at a below Market rental rate of \$28 per square foot (triple net).
 - Year 16-20, at a below Market rental rate of \$30 per square foot (triple net).
- A \$500,000 cash contribution would be contributed to the Steveston Community Amenity provision account.

These options are offered on the basis that if either Option 1 or Option 2 or Option 3 is accepted, the developer (Onni) would be free to lease and operate the remaining commercial space in compliance with the zoning guidelines as per the Zoning Text Amendment application. No other conditions, restrictions, or limitations would be applied.

It should be noted that Onni has previously committed to:

- voluntarily contribute \$1,500,000 towards the Steveston Community Amenity provision account
- voluntarily contribute \$136,206 to go towards development of the Road Works DCC projects
- voluntarily contribute \$605 to go towards development of the Storm Drainage DCC projects
- a Letter of Credit security in the amount of \$15,000 to allow for future traffic calming and truck activity mitigation

We trust that the additional community amenity contributions offered in Option 1 or Option 2 or Option 3 address Planning Committee direction as per the Planning Committee meeting of April 8.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Danny C. F. Leung".

Danny C. F. Leung
Consultant

Encl.

Schedule C

Change Retail/ Commercial Use to Maritime Mixed Use (MMU).

The Landlord reserves the right to terminate this Lease or to relocate the leasee in order to facilitate City of Richmond when the Marina is built and agree to covert Building Six to Mixed Maritime Use. The premises to which the Tenant is relocated shall be referred to as the "New Premises".

1) Landlord's Right of Termination

If the Landlord intends to expand or make alternations to Building Six for the use of Maritime Mixed Use, it may, upon providing at least eighteen (18) months written notice to the Tenant, elect to either:

- a) Cancel this Lease without any compensation whatsoever to the Tenant, in which case this Lease shall terminate on the date set out in such notice without prejudice, however, to any rights or obligations arising hereunder or accruing to either party before the date of such termination; or
- b) No reduction or discontinuance of service under this Article shall be construed as a breach of the Landlord's covenant for quiet enjoyment or as an eviction of the Tenant or entitle the Tenant to any abatement of Basic Rent, Additional Rent and Percentage Rent or release the Tenant from any obligation under this Lease.

2. Tenant's Right to Elect Relocation After the Early Termination

- a) Should the Tenant or Landlord elect to relocate the Tenant on or before the 5th anniversary of the Commencement Date, the Landlord shall be responsible for the cost of improving the New Premises to a standard which is, in the reasonable opinion of the Landlord, similar to that of the Lease Premises as of the date of relocation (the " Previous Standard"); and
- b) Should the Tenant or Landlord elect to relocate the Tenant after the 5th anniversary of the Commencement date, the Landlord and the Tenant shall bear equally the cost of improving the New Premises to the Previous Standard.

3. Owner's obligation After Early Termination from the change of Retail/ Commercial Use of to MMU in Building Six

- a) After the marina is built and in operation, the owner have the obligation to present all the future Lease offers of the MMU in Building Six to City of Richmond for pre-approval before accepting the offer and enter into the head lease.
- b) the owner consent the City of Richmond to post the MMU usage to the city website in conjunction with Marina usage in Building Six Only on the property.