



**DEVELOP**  
SAINT JOHN

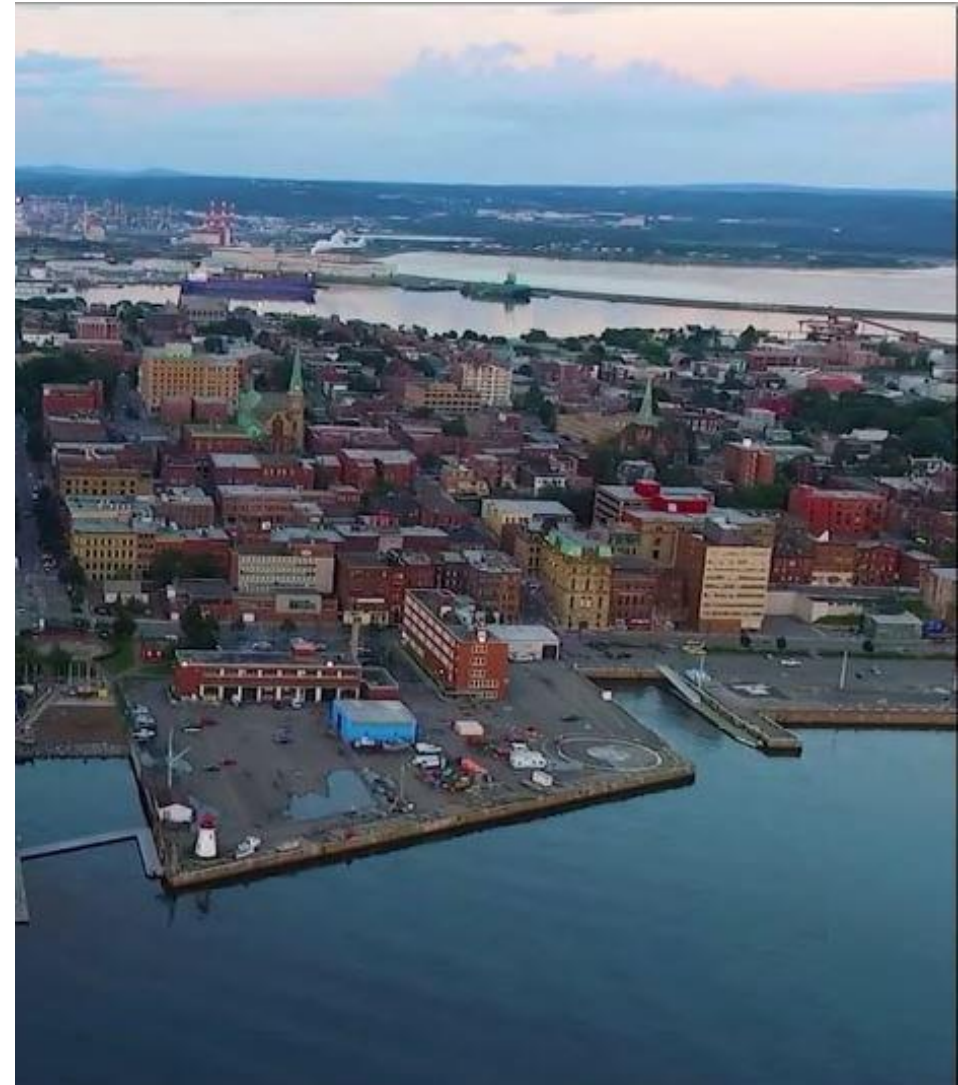
# Fundy Quay Option Agreement

Saint John Common Council - November 28, 2019

# THE VISION

# A development for Fundy Quay that will:

*Re-imagine the Fundy Quay as an eclectic mix of uses such as retail and commercial space and services, specialty shops and boutiques, residential condominiums and apartments, hospitality, entertainment, cultural and educational uses, green spaces, cafes, and public spaces that will truly make the site a vibrant catalyst for future waterfront activity.*



# REQUIREMENTS

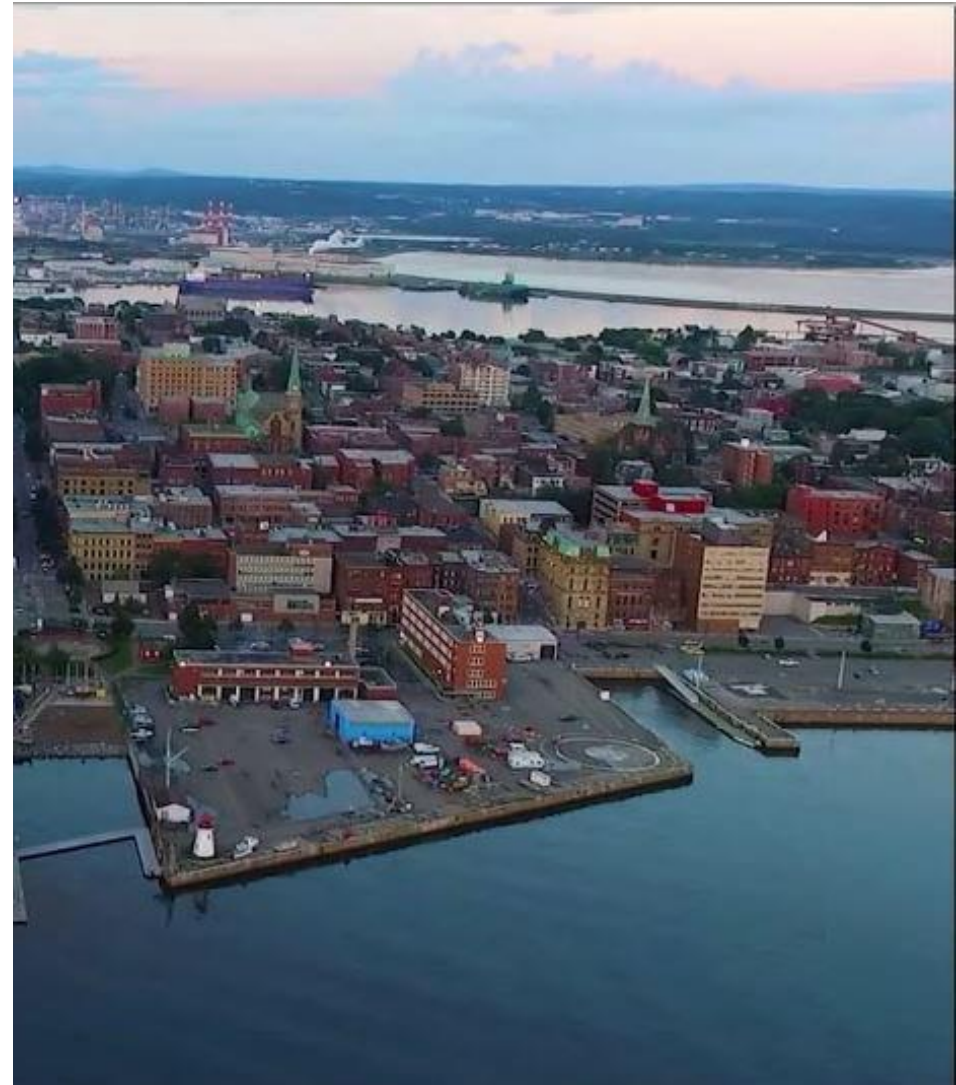


No more false starts.

An iconic and transformational  
development.

A collaborative and development-  
focused process.

A deal that protects the interests of  
all involved.



# BACKGROUND

# Site & Financial Background

## Former Coast Guard Site – Cash Flow Estimates 2011-19

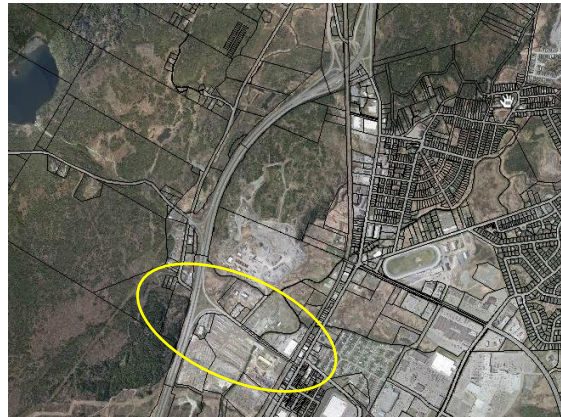
Year	Transaction	Transaction Value	Net Cash Flow
<b>2011</b>	City Purchases the Coast Guard Site	-2,800,000	<b>-\$2,800,000</b>
<b>2011-19</b>	Coast Guard Lease & Parking Revenue	+\$3,640,000	\$840,000
<b>2018</b>	Demolition of Building	\$-400,000	\$440,000
<b>2018</b>	Sale of Land to Province	+\$1,375,000	\$1,815,000
<b>2019</b>	Demolition of Building 2	\$375,000	\$1,440,000

# Today: Momentum is building

**Fundy Quay Development**



**Route 1 Ashburn / Retail  
Drive Interchange**



**New Central Peninsula  
School**





# Today: Momentum is building

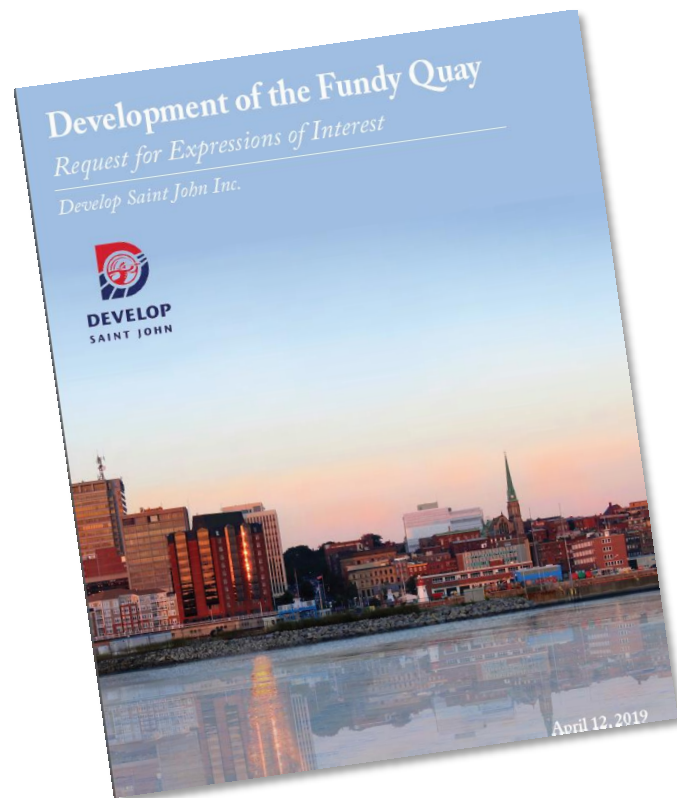
- Neighbourhood Action Plan completed
- Increased vibrancy in the uptown
- Residential units in short supply
- Tourism numbers growing

# PROCESS

# STEP ONE

April 12, 2019

## Fundy Quay Call for Expressions of Interest



### Evaluation Committee

- **Bill MacMackin**
- **Dale Knox**
- **Jacqueline Hamilton**
- **Steve Carson**
- **Alanna Waberski**

# Fundy Quay Developments Inc.

*Part of the Elias Management Group of Companies*



## Fundy Harbour Estates



## Vimy Estates

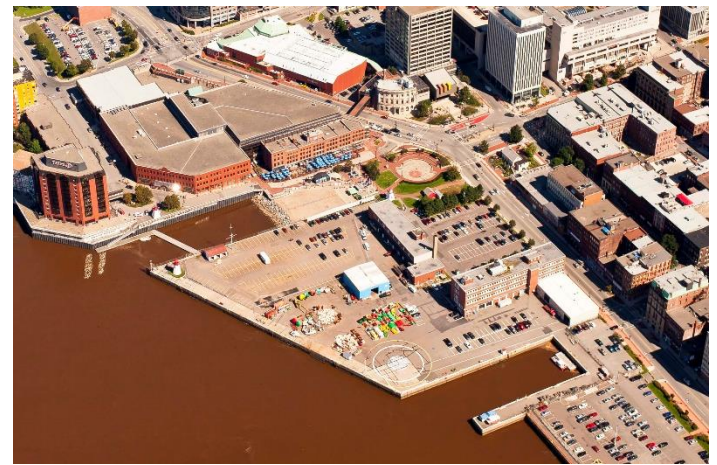




# BENEFITS

## Project viability planning - part 1 Vendor selection rationale

- **Meets all business case requirements**
- **Familiar with the site**  
*Shortlisted in previous call for interest*
- **Skin in the game**  
*Local developer*
- **Private investment, non-reliant on Provincial project components**





# THE DEAL

# STEP TWO

WE  
ARE  
HERE



## Option Agreement: 2020 -> 2021/22

- Exclusive Option to lease site to Fundy Quay Developments Inc. under stated conditions
- Draft Ground Lease attached to Option (main business and financial terms settled)
- 2-year Option with possible 1-year extension
  - *Fee for Option: \$1 year one, and \$250,000 year two, non-refundable*
  - *Fee for Extension: \$1 of seawall not done, \$250,000 otherwise, non-refundable*
- Main City obligations: exclusivity of site to EMG, seawall construction

# STEP THREE

## Infrastructure cost-sharing

### Infrastructure Required to Close

- Seawall repaired & raised
- Contaminated soils addressed
- Site raised 1.5 metres

### Infrastructure Responsible

- Harbour Passage extension
- Loyalist Plaza

### Optional Infrastructure

- District Energy
- Pedway connection
- Underground parking

- *Secured external funding*
- *Bi-lateral funding application*

# STEP FOUR

## Lease-to-own agreement

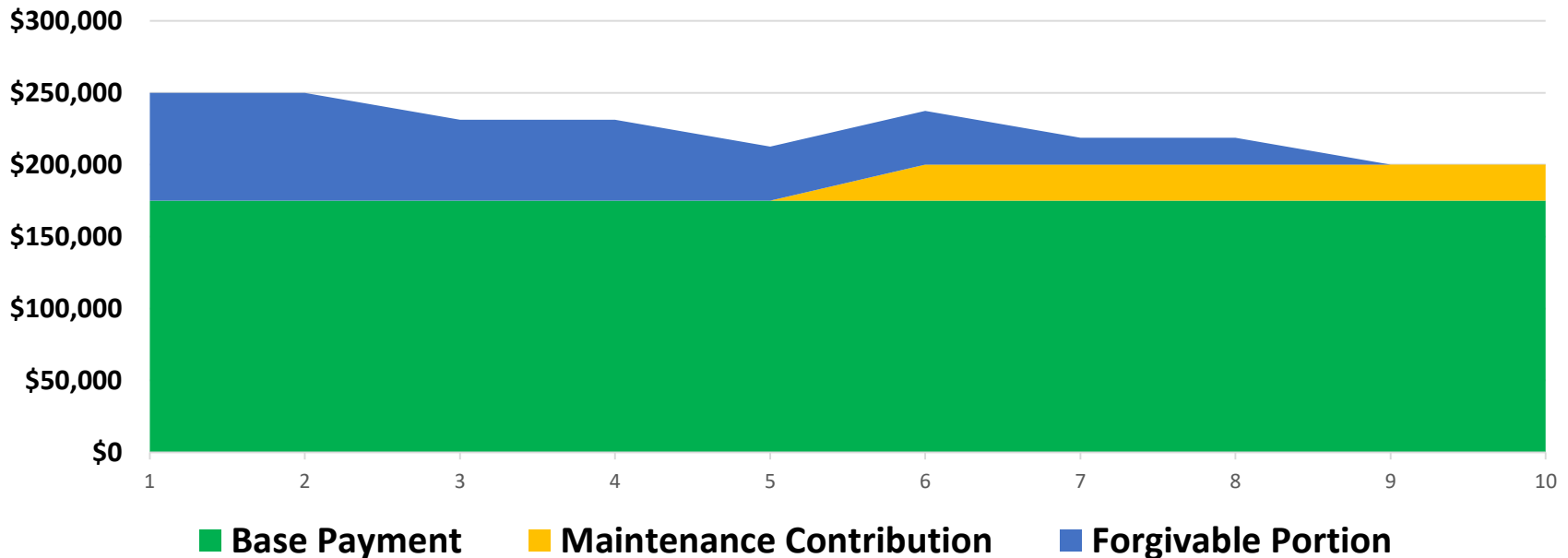


- **25-year term, EMG must purchase by year 25**
- **City has option to terminate if no development after 2 years**
- **Performance incentives built into the lease**
- **Purchase Options (the “lease buy-out fee”)**
  - *Structured to encourage an earlier purchase*

## Here's how it works: payment structure

- **Base Payment:** \$175,000/year
- **Maintenance Contribution:** \$25,000/year begins in year 6
- **Forgivable Payment:** \$75,000/year, forgiven as development reaches minimum investment target of \$100,000,000 in buildings

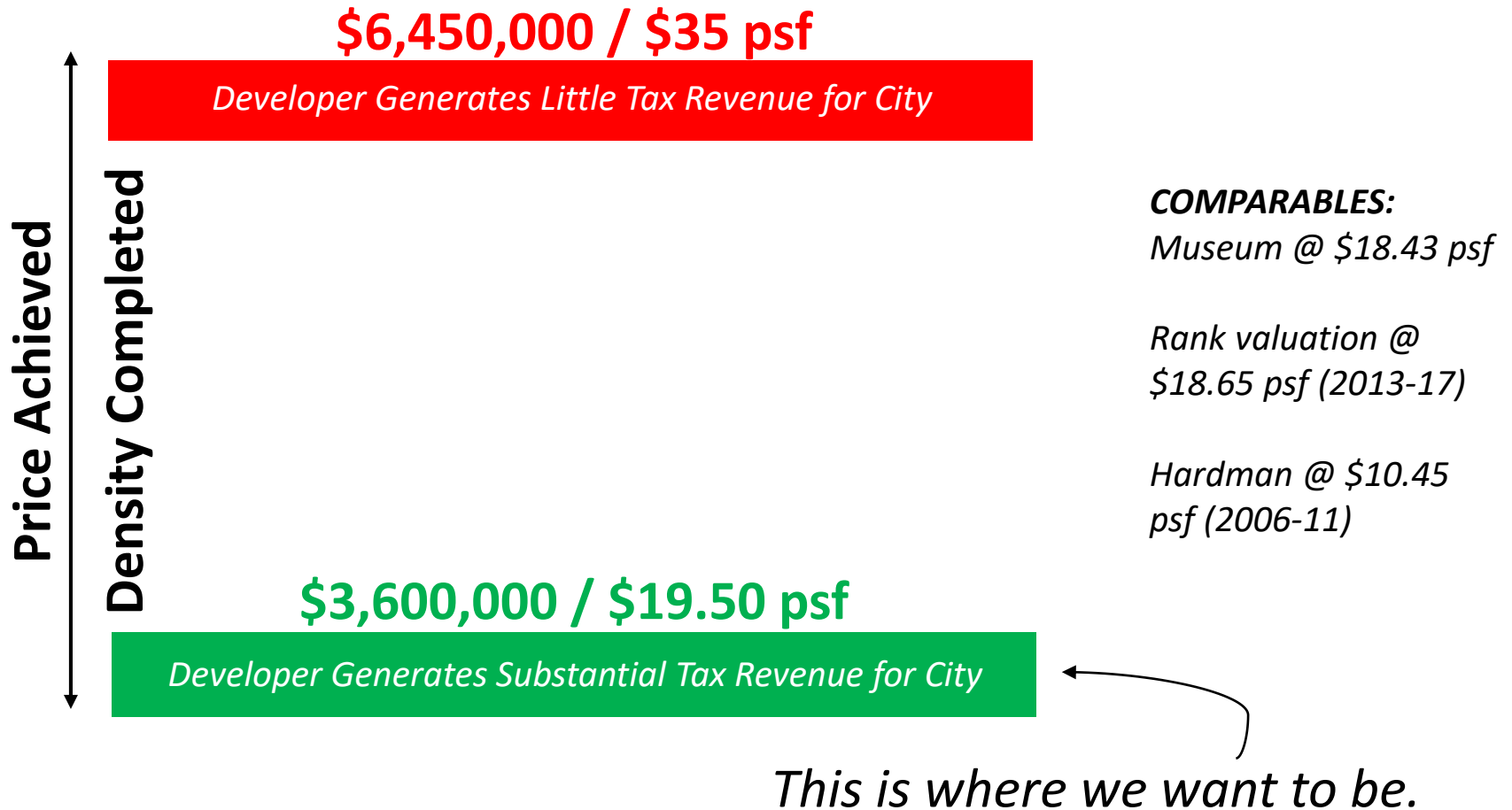
Lease Payment Structure





# STEP FIVE

Here's how it works: land valuation



# NEXT STEPS

- **Common Council approval of Option Agreement**
- **Mayor and Clerk execute the Option Agreement with Fundy Quay Developments Inc.**
- **Finalization of the Ground Lease over next 3 months**
- **Bi-lateral funding for Seawall infrastructure late 2019/early 2020**
- **Community consultation on design in 2020**

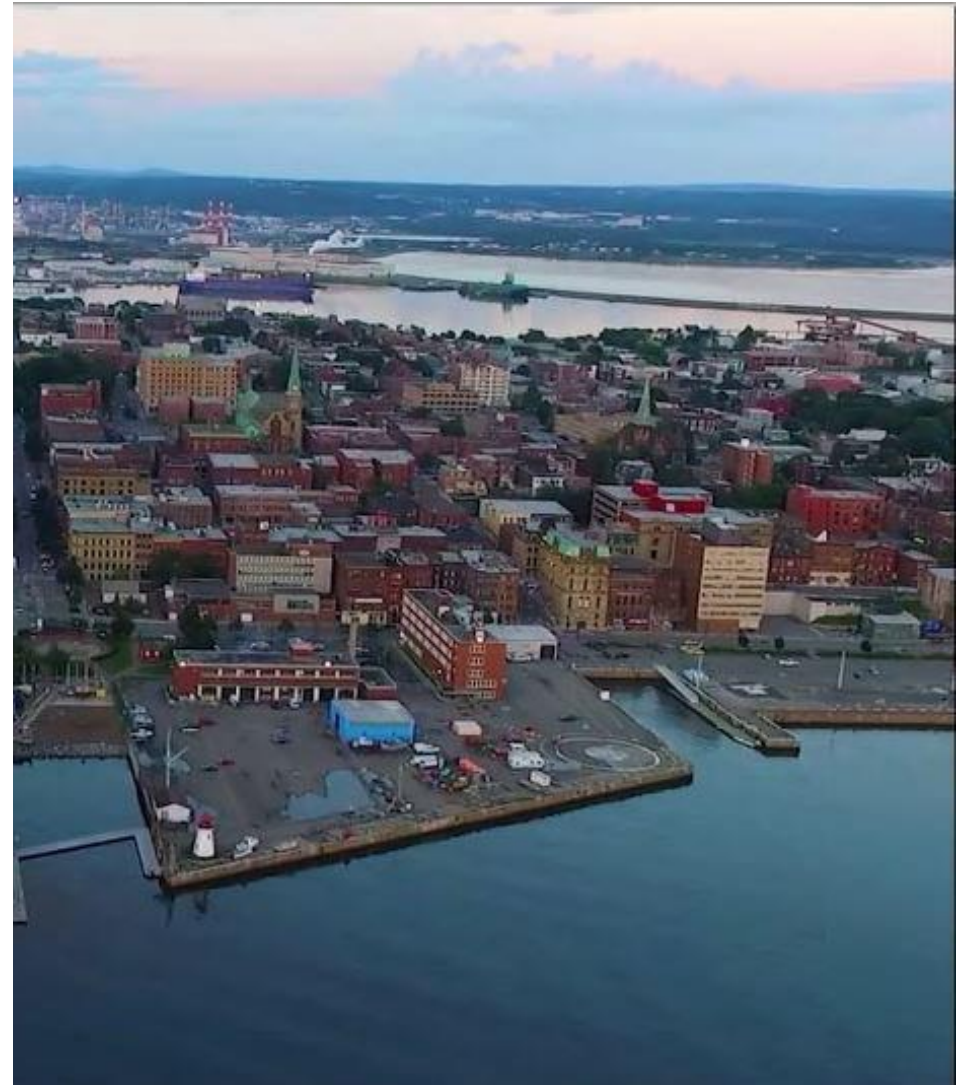
# This is the right deal at the right time:

Building on past experience and  
current momentum.

Bringing local, private investment  
to the table.

Meeting proven demand for  
residential units.

Delivering on Saint John's promise  
to be a great place to live,  
work and play.



# QUESTIONS





**DEVELOP**  
**SAINT JOHN**

GETTING DEALS DONE

