



FOR IMMEDIATE RELEASE
March 26, 2019

Relationship with FRAM Building Group and the Lapsing of the Letter of Intent (LOI)

Wasaga Beach – There has been discussion in the community since FRAM Building Group Ltd. announced it is not interested in developing at the beachfront.

Here is a factual look at how FRAM came to town, how the relationship evolved, and the choice the company made to no longer participate in development in our community.

How did FRAM get chosen as the town's development partner for the downtown and beachfront project?

In April 2017, town council authorized a Request for Expression of Interest (RFEOI) seeking development partners to work with the town on the development of the downtown and beachfront.

And who responded to that request?

There were five submissions received. One was from FRAM/Slokker and the other submissions were from:

- Freed Developments Ltd;
- RLS Wasaga Group Inc.
- U Developments;
- Windcorp Developments Ltd. and Janik Group in Join Venture.

So how did FRAM get selected?

In May 2017, the Downtown Steering Committee and the RFEOI Review Committee undertook a review of the proposals and FRAM/Slokker scored the highest.

Based on the review, the Downtown Steering Committee passed a resolution recommending FRAM/Slokker be selected as the Town's preferred development partner.

June 2017 the majority of the Committee of the Whole recommended the firm of Fram/Slokker be engaged as the preferred developer, subject to a third party financial audit being undertaken on Fram Building Group and Slokker Canada Corp. to ensure they have the financial capacity to undertake the project.

Slokker Canada Corp. was not included as part of the audit. FRAM was audited on its own.

What did the audit find?

The audit resulted in a positive report. On Dec. 12, 2017, General Government Committee recommends working with FRAM on the creation of a development agreement. Work on this commences.

So what were the next steps that took place?

On July 6, 2018, a majority of Committee of the Whole recommends that a binding Letter of Intent (LOI) be prepared and entered into with FRAM.

Did council approve the LOI?

Yes, a majority of council approved it at its meeting of July 24, 2018.

You can read the LOI here: <http://bit.ly/2LIPaLE>

The LOI contains a number of conditions including the following in terms of due diligence:

“...the Developer shall be entitled, at its sole cost, to commence its due diligence investigations in respect of the Town Square Project and Beachfront Residential Project, including customary real property due diligence matters, the current status of planning and infrastructure, environmental remediation status, and financial viability of such projects.” (emphasis added)

The document also notes that:

“Developer shall defend, indemnify and save the Town and its employees, agendas, advisors or consultants ... harmless from and against any and all actions, causes of action, claims, demands, proceedings, injuries, losses, liens, claims, judgments, liabilities, costs, expenses and/or damages (including reasonable legal fees and court costs) of any kind sustained by or threatened against the Town Parties which result from or arise out of any inspection, tests and audits performed by, or on behalf of, the developer or any of its representatives pursuant to this Letter of Intent. The foregoing obligations and indemnification shall survive and not merge upon the termination of this Letter of Intent or the execution and delivery of any Project Agreements.”

The document goes on to state that:

It's understood and agreed ... the “Project Agreements” shall be drafted by the Town's legal counsel and the parties agree to negotiate in good faith with each other to finalize mutually acceptable terms of the Project Agreements for authorization, execution, and

delivery of same in a timely manner, but in any event prior to the Negotiation Period (described below) ... the parties expressly acknowledge and agree that the only obligation of the parties pursuant to this Letter of Intent is the obligation to negotiate in good faith as provided in the preceding paragraph.” (emphasis added)

And the document adds that:

“...the parties agree to negotiation in good faith with each other to finalize mutually acceptable terms of the project agreements, and to settle the purchase price for each of the components of the Lands ... The parties agree that the Negotiation period may be extended by mutual agreement, in writing, by the parties.”

On Aug. 27, 2018, the town was asked by FRAM if it would be willing to extend the LOI.

What was the town’s response to this request?

On Aug. 30, 2018, three town staff members with delegated authority approve a Letter of Intent Amending Agreement extending the date of the negotiation period to Dec. 31, 2018. Council granted delegated authority to staff during the election period as Council is limited in terms of advancing significant aspects of municipal business. This period, known as “lame duck”, started on July 27.

So what unfolded next in the process?

On September 17, 2018 staff issued a Request for Proposals (RFP) for a Property Appraiser to undertake appraisals of the land at the beachfront to be developed. RFP closes Sept. 28, 2018.

On October 12, 2018 HG Appraisers awarded the contract to conduct appraisals of properties at Beach Area 2.

Between October 27th and December 31st appraisals for the area were received.

Election Day was October. 22, 2018.

Nina Bifulchi wins the mayor’s seat and Sylvia Bray won the deputy mayor’s seat. Elected as councillors were: David Foster, Stan Wells, Mark Kinney, George Watson, and Joe Belanger.

On October 23, 2018 Mayor Elect Bifulchi was contacted by Frank Giannone and he advised that “I will pause spending any more money on due diligence” and will reach out to the CAO to discuss next steps.”

After the election, no evidence that any of the agreements contemplated under the LOI were being worked on

New Council sworn into office on Dec. 4, 2018.

The majority of council heard a common theme during the election campaign.

- 1. People were not happy with the previous council's plans to see condominiums constructed at Beach Area 2**
- 2. People were not happy with certain aspects of the previous council's plans for developing the downtown, i.e. mandatory requirement that the new arena and library be located in the downtown, and the prescriptive language in the Official Plan.**

Given the feedback from the electorate, Coordinated Committee recommended that council allow the Letter of Intent to lapse with FRAM as of Dec. 31, 2018.

The direction included this statement: *"Further, that Council request the mayor and appropriate staff to reach out to the FRAM Building Group Ltd., to determine their interest in working with the town and other prospective developers in the future development of town-owned lands on Main Street and at the beachfront; Finally, that the mayor and appropriate staff be requested to report back to committee on the results of their discussion and any recommended actions that council might wish to consider."*

The above was approved by council on Dec. 18, 2018.

So given what transpired, did a meeting with FRAM ever take place?

Yes. On Dec. 27, 2018, , Mayor Nina Bifulchi and CAO George Vadeboncoeur met in Wasaga Beach with Frank Giannone of FRAM to discuss the lapsing of the LOI.

At the meeting, Mr. Giannone expressed his interest in continuing to work with the town to develop the beachfront. He indicated that he would be prepared to develop a parcel of land on Beach Area 1, using a similar type of development to that proposed for Beach Area 2, along with a ground floor commercial component, under the parameters that existed under the LOI. He also noted he was willing to work with other developers.

January – Council establishes its priorities for this term of Council. One of the priorities is: *Determine the town's role in the development of the downtown area and beachfront.*

Were there any further talks with FRAM?

Yes, there were. In early February, Mr. Giannone spoke with CAO George Vadeboncoeur, asking if the town needs any assistance from him and indicating he is still interested in developing at Wasaga Beach.

On Feb. 25, 2019, Mr. Giannone speaks with Mr. Vadeboncoeur and indicates he has read the agenda for the February 28th Committee of the Whole meeting and indicates the questions being posed to council for the Committee of the Whole meeting are reasonable. These questions seek direction on the beachfront property. Read more about that here: <http://bit.ly/2C0ETaJ>. During the discussion with the CAO, Mr. Giannone indicates he is still supportive of developing in Wasaga Beach.

Were there additional discussions?

On Feb. 27, 2019, Mr. Giannone spoke again with the town's CAO and indicated he has thought it over and he is not sure if he wants to participate in another request for expressions of interest. Mr. Giannone says he will review the request when it comes out and decide whether to respond.

Committee of the Whole Decision

Feb. 28, 2019, Committee of the Whole passes the following motion:

“RESOLVED THAT Committee of the Whole have a discussion on the future of Beach Area 1 & 2, and provide staff direction on next steps as follows:

1. Part 1

- a. Look at options to divest the properties*
- b. Look at parcels that are of a significant size so that development is not piecemeal and are attractive to a developer and festival square is retained.*
- c. Staff to define the process for a request of expression of interest (RFI)*
- d. Staff to bring forward a report to Committee of the Whole on what would be contained in an FRI, building requirements, specific time frames, incentives, etc.”*

FRAM's Response

On March 1, 2019, Mr. Giannone posted a message on Facebook saying he was no longer interested in developing in Wasaga Beach.



The screenshot shows a Facebook interface for a group named "Wasaga Beach News & Commentary Group". The group is public. On the left sidebar, there are links for "About", "Discussion", "Frank's post" (which is highlighted), and "Chats". The main content area shows a post by Frank Giannone, posted 4 hours ago. The post title is "Letter to Wasaga FB Users" and the text reads: "I am sorry to be advising those many supporters of our work, and of our plans for the revitalization of Wasaga's main beachfront and its Main Square, that we are disheartened to advise that we will not be part of the revitalization of Beach 1, Beach 2, and Main Square."

On behalf of council, Mayor Nina Bifulchi noted that: “*FRAM had expressed interest in working with the new council on the redevelopment of the beachfront and I would encourage FRAM to reconsider its position. FRAM is welcome to bring its ideas to the council table for consideration.*”

On March 1, 2019 FRAM sends a letter to the Town requesting reimbursement for expenses it claims are related to the due diligence carried out under the terms of the LOI, citing that the Town did not enter into good faith negotiations called for by the LOI.

What happens now?

The Town will be responding to FRAM's request for reimbursement after reviewing the claim and its obligations under the LOI.

Staff will be convening a “Builders Forum” of the many developer/builders that have an interest in Wasaga Beach to discuss their ideas for the development of the beachfront. FRAM is welcome to bring its ideas forward. And so is any other developer.

The town will issue a new Request for Expressions of Interest (RFEOI) for the development of Beach Area 1 based on the input from the development community, the needs of the community, the provisions in the downtown master plan and best practice.

Based on the responses to the RFEOI, the town will then issue a Request for Proposals (RFP) to those developers/builders selected through the RFEOI process. They will be asked to submit proposals to develop the various components of the beachfront based on the responses to the RFEOI.

Council welcomes development that meets provincial policies and the town's vision for the area as expressed in the Downtown Master Plan, Official Plan and Design Guidelines, grows the tax base and at the same time reflects the desires of the residents who live here.

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