


## Re: Continuing the City Discussions with River Run

Patrick Lindsay (CA) <patrick.lindsay@pwc.com>

Wed 5/22/24 3:49 PM

To: Moisan, Jarret <Jarret.Moisan@calgary.ca>; Gordon D Holden <gh@esp-associates.com>; Swanson, Gary <Gary.Swanson@calgary.ca>

 3 attachments (15 MB)

River Run Summary.pdf; River Run Condos Draft Report.pdf; Comparable active and sold listings.pdf;

Hi Jarret and Gary,

Thank you for taking the time to meet with us. Further to our last meeting, and on a without prejudice basis, attached are some documents that may help inform a discussion regarding fair compensation in the circumstances:

- a summary of River Run and surrounding properties;
- a draft report on the value of River Run based on a few different approaches; and
- a CMS report on sold and listed larger properties in Eau Claire and Watermark.

River Run families have considered their views on fair compensation and below are some observations:

- The City took our homes with the stated reason being for the Green Line. However, it is uncertain whether any of our land will be used for the Green Line. It appears that the City may not have the budget to run the train as far north as River Run, even if the contingent and uncertain Provincial funding is made available.
- The use to which the City is putting our property will transform Harvard's multi tower project into a more valuable waterfront project. Assuming Harvard's sale proceeds increase by around 5%, Harvard may receive windfall profit in the range of \$100M. If this figure is used for highest and best use, the average River Run family would be compensated a large amount for their private property being expropriated.
- If market forces were at work, Harvard may have approached River Run to negotiate the purchase of our homes based on a reasonable split of the enhanced profit, potentially resulting in River Run families receiving about half of the NPV of the increased profit, which may be around \$2M per home (*without taxpayers paying any amount*).
- The attached draft report identifies \$99M as the value of our property as a 4.0 FAR tower. Assuming total costs to construct such a tower would be in the range of \$250-\$400 per square foot, this may entitle the average River Run family to compensation in the range of \$2M-\$3M, with some adjustment for NPV (*note: this report and the individual reports are not complete, but we wanted to provide info to you as soon as we could*).
- Home for a home can be assessed generally by looking at the average prices for 3+ bedroom waterfront homes in Eau Claire and Waterfront over the last 2 years. Critical 'home for a home' factors for River Run families are location and size (*four floors including a loft and a basement - this does not exist downtown, waterfront*). As such, a comparison to similar sized homes in the same community is helpful. The attached CMS report, using Patrick and Jane's home, identifies the average value of \$1.94M.
  - None of the comparable properties come with the benefits of River Run such as: low density by comparison, low condominium fees, such a small community where most if not all owners know each other, waterfront yards with mature trees on the north side and, importantly, the value associated with future redevelopment.

- 507, 600 Princeton Way just sold and has not closed, so is not on the list provided. It sold for just over \$3M, which is \$993/sqft.
- More specific home for a home numbers that seem reasonable to consider include:
  - \$2.4M for Patrick and Jane (*the only two buildings downtown, across from Prince's Island Park that permit large dogs are River Run and Princeton. As such, the only current 'home for a home' listing for us to maintain a large home in our chosen community with our family are units 305 and 308 in 600 Princeton, which are listed at \$2.35M and \$2.45M respectively*);
  - \$2.45M for Gordon, based on his acquisition price and renovation costs; and
  - On average around \$2M for owners who have bought or are contemplating purchasing comparable properties, together with renovation costs, if any.
- Valuation, and determining fair compensation, is highly subjective. The range for fair compensation in this unique situation is wide. Based on the City's conduct towards River Run families over the last several years, River Run families can reasonably expect the Tribunal would set fair compensation at the high end of such range.

After the City has had an opportunity to review the attached information, we would be pleased to have another meeting to discuss fair compensation. Currently owners of 21 River Run units anticipate applying to the Tribunal, once the City reimburses our reasonable costs for the Inquiry.

Regards,

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**From:** Moisan, Jarret <Jarret.Moisan@calgary.ca>

**Sent:** May 9, 2024 8:13 AM

**To:** Gordon D Holden <gh@esp-associates.com>; Swanson, Gary <Gary.Swanson@calgary.ca>

**Cc:** Patrick Lindsay (CA) <patrick.lindsay@pwc.com>

**Subject:** RE: Continuing the City Discussions with River Run

Gordon,

If possible, I'd prefer to review the appraisals prior to scheduling a meeting so that we ensure that we've reviewed them. There are others on the team that I would ask to review the appraisals as well.

I hope this can be accommodated.

Thanks,

Jarret

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**From:** Gordon D Holden <gh@esp-associates.com>

**Sent:** Thursday, May 9, 2024 6:26 AM

**To:** Moisan, Jarret <Jarret.Moisan@calgary.ca>; Swanson, Gary <Gary.Swanson@calgary.ca>

**Cc:** Patrick Lindsay (CA) <patrick.lindsay@pwc.com>

**Subject:** [External] Continuing the City Discussions with River Run

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Good morning, Jarret and Gary;

As we discussed in our meeting with you on April 19<sup>th</sup>, our group of former River Run owners has been working with appraisers to develop additional information that can be useful for our discussions with you on compensation. We expect to receive initial reporting from the appraisers within about a week, and on that basis might be looking to meet with you around two weeks from now.

Are either of you planning to be away the short workweek of May 20? If you're both going to be here we could look to schedule something then.

Best regards,

Patrick and Gordon

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