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July 27, 2010

Toronto Port Authority
60 Harbour Street,
Toronto, ON
M5J 1B7**Attention: Mark McQueen, Chairman**

Dear Sir:

Re: Toronto Port Authority ("TPA") – Payments in Lieu of Taxes

The City acknowledges receipt of your letter to the Mayor dated July 15, 2010 regarding the TPA's payments in lieu of taxes. We are pleased to see the TPA's stated approach to work with the City in moving matters forward to try and resolve outstanding issues. I understand that your counsel have discussed matters with the City's counsel and hope to meet in September to explore resolving or narrowing issues before striking a new Dispute Advisory ("DA") Panel. We are pleased to see that the TPA will be making an additional payment towards pilts of \$1,439,613. As requested, the City acknowledges that these payments are creditable against the outcome of a future process before a DA Panel and subsequent decision by the TPA Board.

I also understand the City and the TPA are working towards completing the closing of the Macro Settlement Agreement this week. Thank you for your efforts in moving these matters forward.

Yours truly,


Joseph P. Pennachetti
City Managerc.c.: *Hon. John Baird, P.C., M.P. Minister of Transport*