



## STAFF REPORT ACTION REQUIRED

### 38-40 Dundas Street East - Lease Extension Agreement

<b>Date:</b>	October 19, 2009
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer
<b>Wards:</b>	Ward 27 – Toronto Centre - Rosedale
<b>Reference Number:</b>	P:\2009\Internal Services\F&re\Gm09091F&re – (AFS 10812)

#### **SUMMARY**

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The purpose of this report is to obtain authority to enter into a lease extension agreement with Hakim Optical Laboratory Ltd. for premises at 38-40 Dundas Street East.

#### **RECOMMENDATIONS**

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**The Chief Corporate Officer recommends that Council:**

1. Authorize the lease extension agreement to be entered into with Hakim Optical Laboratory Ltd., substantially on the terms and conditions as set out in Appendix A of this report, together with such other terms and conditions as may be deemed appropriate by the Chief Corporate Officer and in a form approved by the City Solicitor.
2. Authorize to the Chief Corporate Officer to administer and manage the lease agreement including the provision of any consents, approvals, notices and notices of termination, provided that the Chief Corporate Officer may, at any time, refer consideration of such matter (including their content) to City Council for its determination and direction.

## **Financial Impact**

Net rental revenue of \$138,750.00 plus applicable taxes and additional rent will be generated over the nine-month term. If the tenant exercises its right to extend the term for an additional eight months, further net rental revenue of \$129,610.00 plus applicable taxes and additional rent will be generated.

Net revenue received will be credited to Capital Account CUR006-1 (the Yonge-Dundas Project Capital Budget).

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

At its meeting held on July 8, 9 and 10, 1998, City Council adopted an amended Clause No. 26 of Report No.10 of the Strategic Policies and Priorities Committee and approved the expropriation of the properties required for the Yonge-Dundas Redevelopment Project.

By registration of Expropriation Plan 12153 on July 14, 1998, the City of Toronto expropriated the subject property previously owned by Optical Properties Inc. At the time of expropriation the property was leased to Hakim Optical Laboratory Ltd. (the "Tenant"). The City assumed the lease between Optical Properties Inc. and the Tenant.

On July 1, 2006 Hakim Optical Laboratory Ltd. ("Hakim Optical") entered into a new lease agreement with the City of Toronto that expired on June 30, 2009.

By adoption of DAF # 2006-061 dated May 26, 2006, authority was granted to enter into a three (3) year lease agreement with Hakim Optical for the premises and adjacent parking lot at 38-40 Dundas Street East. This agreement expired on June 30, 2009.

## **COMMENTS**

Hakim Optical has requested a lease extension for a nine-month period while new premises are prepared. The option period is provided to give Hakim Optical flexibility should their new premises not be ready in time.

Facilities & Real Estate Services have reached an agreement with Hakim Optical to enter into a lease extension agreement commencing retroactively on July 1, 2009 and terminating on March 31, 2010 on terms and conditions outlined in Appendix A of this report.

The rent and other terms and conditions of the proposed extension agreement reflect current market value according to market research and valuation conducted by F&RE staff.

## **CONTACT**

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## **SIGNATURE**

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Bruce Bowes, P. Eng.  
Chief Corporate Officer

## **ATTACHMENTS**

Appendix "A" - Major Terms & Conditions  
Appendix "B" - Location Map