

APPENDIX "A"
Major terms and Conditions
Below Market Rent (BMR) Sub-lease at 3401 Dufferin Street

Head Landlord:

Yorkdale Shopping Centre Holdings Inc.

Tenant and Sub-landlord:

City of Toronto

Sub-tenant:

Art Starts Neighbourhood Cultural Centre

Premises:

Comprising an area of approximately 2,780 square feet of space located in the basement of the property municipally known as 3401 Dufferin Street, Toronto, Ontario.

Commencement Date:

The Commencement Date shall be May 1st, 2010.

Term:

The Term of the Lease shall be three (3) years from the Commencement Date.

Annual Net Rent:

The Sub-tenant shall pay to the City a basic rent of \$2.00 per annum (\$6.00 in total for the 3-year term) payable at the commencement date of the agreement plus all applicable taxes.

Net Lease:

The Sub-lease will be entirely **net** to the City. The Head Landlord has agreed to provide HVAC, water, hydro and lighting to the Premises at no cost to the City and shall maintain and repair all base building HVAC, electrical and mechanical equipment and facilities serving the Premises so that the same are kept in good repair, order and condition. The Head Landlord has also agreed to pay realty taxes and will provide usual janitorial cleaning services for the Premises at no cost to the City. The Sub-tenant shall be responsible for all other costs, including maintenance, repair and replacement of the Premises (including all leasehold improvements, trade fixtures, equipment and furnishings therein) so that the same are kept in good repair, order and condition.

Use:

The leased Premises shall be used and shall continually be operated throughout the term as a community art centre offering art programs and courses for seniors, adults, youth and children including painting, pottery, and needle craft courses (as set out in its Service Contract with the City's Social Development, Finance & Administration Division), and for no other purpose whatsoever. The Sub-tenant shall not permit to store or use any hazardous or environmentally sensitive materials in the premises and the property.

NSF Charges:

The Sub-tenant will pay Thirty-Five dollars (\$35.00) for every cheque that is not honoured by the bank on which it is drawn (the "NSF Fee"). The NSF Fee may be increased from time to time by the City so that it is equal to the fee charged by the City in respect of cheques tendered in payment of municipal tax and water charges that are not honoured by the banks on which they are drawn.

Late Payment Charges:

For any late amount by the Sub-tenant, interest on the amount outstanding from time to time shall bear simple interest at the rate of 1.25% per month (15% per year). Subject to City Council approval, the default rate of interest may be increased by the Landlord from time to time, by notice to the Tenant.

Early Termination:

The City of Toronto shall have the right to terminate the lease agreement if the Sub-tenant is, at any time during the lease term including any renewals and extensions thereafter, no longer BMR eligible or financially viable, in each instance as determined by the City acting reasonably, and provided that the City has not waived, or is not willing to waive the relevant BMR eligibility criteria. A termination resulting from a failure to remain BMR eligible shall not result in contractual damages for the Sub-tenant notwithstanding any balance remaining in the term of the lease agreement; or

The City of Toronto shall have the right to terminate the Sub-lease for any reason, at any time during the Term and any renewal/extension thereafter, upon providing the Sub-tenant with three (3) month's prior written notice.

Standard Sub-lease:

The Sub-tenant shall execute a Sub-lease in the City's Standard Form, in a form acceptable to the City's solicitor, within 30 days of receipt.

Insurance:

The Sub-tenant is to provide prior to the commencement of the term of this agreement and on an annual basis, proof of insurance in accordance with the City's insurance requirements outlined in the Lease.