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Attachment 1

SERVICE AGREEMENT

THIS AGREEMENT made as of January 1, 2018 (the "**Effective Date**")

BETWEEN:

TORONTO REALTY AGENCY, an agent of the City of Toronto, a municipal corporation incorporated under the laws of the Province of Ontario,

(the "**Agency**")

OF THE FIRST PART

- and -

BUILD TORONTO INC., a corporation incorporated under the laws of the Province of Ontario,

("Build Toronto")

OF THE SECOND PART

RECITALS

WHEREAS at its meeting on May 24, 25 and 26, 2017, City Council of the City of Toronto (the "City") established the Agency and delegated authority to the Agency to manage the City's real estate portfolio;

AND WHEREAS the Agency is responsible for managing the City's real estate portfolio, developing City buildings and lands for municipal purposes, and delivering client-focused real estate solutions to City divisions, agencies, and corporations;

AND WHEREAS Build Toronto is a wholly-owned subsidiary of the City, and its real estate portfolio comes within the scope of the Agency's management responsibilities.

AND WHEREAS Build Toronto desires to engage the Agency to provide the services set forth herein, and the Agency is willing to perform such Services, on the terms and under the conditions set forth herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the covenants and agreements herein contained, the Parties hereto agree as follows:

ARTICLE 1 – INTERPRETATION AND GENERAL PROVISIONS

1.01 Defined Terms

When used in the Agreement, the following words or expressions have the following meanings:

"Agreement" shall mean this Service Agreement as originally executed and as amended, modified, supplemented, or restated from time to time, as the context may require;

"Business Days" means a day other than a Saturday, a Sunday, Remembrance Day, or any day that is a statutory holiday in Ontario;

"Fee" shall have the meaning prescribed to it in section 4.01 of this Agreement;

"Parties" means the Agency and Build Toronto collectively, and "Party" means any one of them;

"Person" means any individual, partnership, limited partnership, limited liability company, corporation, unincorporated association, joint venture, trust generated entity or other entity;

"Representatives" means any employee, agent, or subcontractor, of the Party in question, including without limitation any third party retained to perform any or all of the Services pursuant to Section 3 of this Agreement;

"Services" shall have the meaning prescribed to it in section 3.01 of this Agreement;

"Schedules" mean any schedules attached to and forming part of this Agreement

"Term" has the meaning set out in Section 2.02.

1.02 Entire Agreement

This Agreement, including any Schedules embodies and constitutes the sole and entire agreement between the parties hereto. There are no terms, obligations, covenants or conditions between the parties hereto, other than as contained herein.

1.03 Severability

If any term or condition of the Agreement, or the application thereof to the parties or to any Persons or circumstances, is to any extent invalid or unenforceable, the remainder of the Agreement, and the application of such term or condition to the parties, Persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby.

1.04 Interpretive Value of Headings

The headings in the Agreement are for convenience of reference only and in no manner modify, interpret or construe the Agreement.

1.05 Force Majeure

Neither party shall be liable for damages caused by delay or failure to perform its obligations under the Agreement where such delay or failure is caused by an event beyond its reasonable control. The parties agree that an event shall not be considered beyond one's reasonable control if a reasonable business person applying due diligence in the same or similar circumstances under the same or similar obligations as those contained in the Agreement would have put in place contingency plans to either materially mitigate or negate the effects of such event. Without limiting the generality of the foregoing, the parties agree that force majeure events shall include natural disasters and acts of war, insurrection and terrorism but shall not include shortages or delays relating to supplies or services. If a party seeks to excuse itself from its obligations under this Agreement due to a force majeure event, that party shall immediately notify the other party of the delay or non-performance, the reason for such delay or non-performance and the anticipated period of delay or non-performance. If the anticipated or actual delay or non-performance exceeds fifteen (15) Business Days, the other party may immediately terminate the Agreement by giving notice of termination and such termination shall be in addition to the other rights and remedies of the terminating party under the Agreement, at law or in equity.

1.06 Governing Law

This Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada, as applicable. Any action or other legal proceeding arising under or with respect to this Agreement (including any motion or other interlocutory proceeding) shall be brought in a Court or a tribunal, whichever may be applicable, sitting in Toronto, Ontario. Build Toronto and the Agency each irrevocably submit to the exclusive jurisdiction of the courts of the Province of Ontario in relation to this Agreement.

1.07 Assignment

Neither Build Toronto nor the Agency shall assign this Agreement or any interest therein without the express prior written consent of the other Party, which consent shall not be unreasonably withheld.

1.08 Changes by Written Amendment Only

Any changes to the Agreement shall be by written amendment signed by the parties authorized representatives. No changes shall be effective or shall be carried out in the absence of such an amendment.

ARTICLE 2 - APPOINTMENT/TERM

2.01 Appointment

Build Toronto hereby appoints and employs the Agency to provide the Services upon the terms and conditions set forth herein. The Agency hereby accepts such appointment and undertakes to provide the Services upon the terms and conditions hereinafter set forth.

2.02 Term

Unless otherwise terminated in accordance with Section 5.01, the term ("**Term**") of this Agreement shall be for one year commencing on the Effective Date and expiring on the first anniversary of the Effective Date; provided however that the Term shall be automatically renewed for successive periods of one year each on each anniversary date thereafter unless either party terminates this Agreement by giving the other party notice of termination no later than sixty (60) days prior to any anniversary date. Notwithstanding the forgoing, the Agency may terminate this Agreement at any time upon giving Build Toronto no less than thirty (30) days' notice of termination.

ARTICLE 3 - SERVICES

3.01 Services

Subject to section 3.07 of this Agreement, the Agency shall provide Build Toronto with such services as may be required in order to permit Build Toronto to operate its business, including without limiting the foregoing, services related to: accounting, risk management, tax, finance, record keeping, financial statement preparation and audit support; legal services; treasury functions; regulatory compliance; information systems; executive management; and corporate and other centralized services (hereinafter collectively known as the "**Services**").

3.02 Additional Services

Any additional services required by Build Toronto from time to time shall be provided by the Agency at mutually agreed upon terms and conditions. The parties agree to negotiate in good faith the terms and conditions by which the Agency would be willing to perform such additional services.

3.03 Changes to Services

The Parties may agree to modify the terms and conditions of the Agency's performance of any Service in order to reflect new procedures, processes or other methods of providing such Service. The Parties will negotiate in good faith the terms and conditions upon which Build Toronto would be willing to implement such changes.

3.04 Quality

The Agency shall provide the Services at quality or service levels which are mutually acceptable to the Parties. These levels shall be reviewed from time to time and adjusted as required.

3.05 Third Party Contracting

Subject to section 3.07 hereof, the Agency shall have the right, in its sole discretion, to contract with a third party to deliver all or part of the Services, provided however that such third party shall be capable of providing such Services to the same or better quality levels than those set forth in Section 3.04. The parties agree that the Agency shall be acting as the agent of Build Toronto in procuring the delivery of such Services to Build Toronto.

3.06 Cost of Services

Where the Agency has contracted with a third party to provide part or all of the Services pursuant to Section 3.05 above, Build Toronto shall pay the amount charged by such third party for the portion of the Services delivered.

3.07 Exclusive Service Agreement

This Agreement shall be deemed to be an exclusive service agreement as between the Agency and Build Toronto, and Build Toronto shall not have the right to provide itself, or retain a third party to provide, any of the Services unless agreed to by the Agency.

3.08 Cooperation of Build Toronto and the Agency

The Agency and Build Toronto shall cooperate fully with each other during the Term to facilitate each Party's performance of this Agreement. Build Toronto shall provide the Agency with such information as is necessary for the Agency to perform its obligations pursuant to this Agreement and as may be reasonably requested by the Agency from time to time.

ARTICLE 4 - SERVICES FEE AND EXPENSES

4.01 Reimbursement

In consideration of the Services, Build Toronto shall reimburse the Agency (the "**Payment**") for the Agency's cost of providing the Services as determined by the Agency from time to time. The Agency shall provide to Build Toronto a yearly schedule of required Payments, and Build Toronto shall remit to the Agency the Payments as required in such Schedule. Following each fiscal year of Build Toronto, the Agency and Build Toronto shall complete a final reconciliation of all Services provided to Build Toronto by the Agency during such fiscal year, and the parties shall agree on the final Payment (if any) due from Build Toronto to the Agency for such fiscal year. All Payments owing by Build Toronto to the Agency will be paid by Build Toronto within thirty (30) days of receipt of an invoice from the Agency, provided however that the Agency shall be entitled to request that Payments be made in advance of the actual rendering of the Services.

4.02 Service Payment Re-Negotiation

The Parties hereby agree and acknowledge that they shall renegotiate the Services and Payments at such times as necessary in order to ensure that the Payments remain consistent with the level of Services provided.

4.03 Expenses

All costs and expenses, funding of operating deficits and operating capital, real property and personal property taxes, income taxes, sales taxes, including HST as applicable, due and owing by Build Toronto and not included in the Services shall be the sole and exclusive financial responsibility of Build Toronto, except for those instances herein where it is expressly and specifically stated that such costs and expenses shall be the financial responsibility of the Agency.

ARTICLE 5 - TERMINATION

5.01 Termination

- (a) This Agreement may be terminated by Build Toronto in respect of one or more of the Services at any time upon written notice to the Agency, effective on the date specified in the notice, which shall be a minimum of thirty (30) days from the date of the notice.
- (b) In the event either Party shall be in breach of, or fail to perform one or more of its material obligations under this Agreement, the other Party may, by written notice to the Party in default, require the remedy of the breach or the performance of the obligation and, if the Party so notified fails to remedy or perform within thirty (30) days of the forwarding of a notice so to do, the other Party may, by written notice, immediately terminate this Agreement.
- (c) Either Party may, at its option and by written notice to that effect, immediately terminate this Agreement if the other party becomes the subject of any bankruptcy, insolvency, winding up, or liquidation proceedings.

ARTICLE 6 – NOTICE

6.01 Notice

Any demand or notice to be given pursuant to this Agreement shall be duly and properly made and given if made in writing and either delivered to the Party for whom it is intended to the address as set out below or sent by prepaid registered mail addressed to such Party as follows:

- (a) In the case of the Toronto Realty Agency:

200 King Street West, Suite 200
Toronto, Ontario, Canada
M5H 3T4
Attention: General Counsel

Email: strumper@buildtoronto.ca
Tel: 416-981-3817

- (b) In the case of Build Toronto Inc.:

200 King Street West, Suite 200
Toronto, Ontario, Canada
M5H 3T4
Attention: General Counsel

Email: strumper@buildtoronto.ca
Tel: 416-981-3817

or to such other addresses as the Parties may from time to time notify in writing, and any demand or notice so made or given shall be deemed to have been duly and properly made or given and received on the day on which it shall have been so delivered or, if mailed, then, in the absence of any interruption in postal service in the city of Toronto affecting the delivery or handling thereof, on the day following three (3) clear Business Days following the date of mailing.

ARTICLE 7 - MISCELLANEOUS

7.01 Further Assurances

From time to time, as and when requested by any Party, the other Parties will execute and deliver, or cause to be executed and delivered, all such documents and instruments and will take, or cause to be taken, all such actions, as such other party may reasonably deem necessary or desirable to give effect to the actions contemplated by this Agreement.

7.02 Successors and Assigns

This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties, provided however that neither Party may assign this Agreement without the prior written consent of the other Party, such consent not to be unreasonably withheld.

7.03 Counterparts

This Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all counterparts shall together constitute one and the same instrument.

7.04 Compliance with Laws

The Agency shall comply with all applicable governmental laws, ordinances, codes, rules, regulations and orders in connection with the provision of any of the Services.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date and year first above written.

TORONTO REALTY AGENCY

By: _____

Name:

Title:

By: _____

Name:

Title:

BUILD TORONTO INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

I/We have authority to bind the corporation