

## ATTACHMENT #2

### PROPOSED LICENCE AND LEASE TERMS AND CONDITIONS

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The following is a summary of the recommended major terms and conditions of the Licence with the Licensee for 65 Dundas St. E.

	Terms and Conditions
Licensee	Non-profit housing provider to be chosen through a Request for Proposals process
Licensor	City of Toronto
Term	Approximately 18 months
Licensed Premises	A portion of the building comprising approximately 36,032 square feet, including floors 2 through 7 containing 92 self-contained residential units, and a portion of the basement and ground levels.
Commencement Date	On or about April 22, 2024

	Terms and Conditions
Licence Fee	<p>A minimum fee, which shall include the cost of all utilities serving the Licensed Premises, and the Licensee's proportionate share of operating costs and realty taxes, being an annual sum of \$150,000.00, payable monthly in advance in each month of the Term, commencing on the Commencement Date, provided that on the first day of the second Licence Year and thereafter on the first day of each Licence Year throughout the Term, the amount of the Minimum Fee shall be increased by an amount calculated as 6% of the Minimum Fee paid in the immediately preceding Licence Year.</p> <p>The Licensee shall also pay Additional Fees which shall include, without limitation:</p> <ul style="list-style-type: none"> <li>(i) such fees for entering into renewals, extensions, amendments and consents to assignment of the Licence as may be provided for in the Licence or set by the Council of the City of Toronto from time to time, payable to the City, as and when the City directs;</li> <li>(ii) all business, personal, income, capital and any other similar taxes, rates and assessments that are imposed on or become due and payable in respect of the Licensee's Business, the use of the Licensed Premises, or the installation, operation, use, repair or maintenance of the Licensee's Equipment. The Licensee shall pay and discharge such amounts within fifteen (15) days after they become due, and indemnify the City from and against payment thereof and any interest or penalty in respect thereof;</li> <li>(iii) all other sums, amounts, costs, cost escalations and charges specified in the Licence to be payable by the Licensee, unless expressly provided otherwise in the Licence.</li> </ul>
Net Licence	<p>It is the intent of the Licence that it shall be completely net and carefree to the City of all expenses, costs, charges, compensation, penalties, and fees relating to or incidental to the Licence and the use for which the Licensee shall employ the Licensed Premises. Except as otherwise set out herein, the Licensee shall observe every covenant and agreement in the Licence at the sole expense of the Licensee.</p>
Use	<p>The Licensee shall use, manage, and operate the Licensed Premises solely for purpose of providing affordable rental housing, together with all ancillary uses including the provision of support services for residential tenants.</p>

	Terms and Conditions
Indemnity	<p>The Licensee shall indemnify and save harmless the Licensor from any and all costs, expenses, claims, actions and losses of every nature and kind whatsoever and of and from all liabilities of every nature and kind whatsoever in connection with the Licensed Premises and this Licence, whether accrued, actual, contingent, except to the extent such damages, claims or demands are caused by the negligence or misconduct of the City or those for whom it is responsible at law.</p>
Tenant's Insurance	<p>At all times during the <i>Term</i> and any renewal thereof, the Licensee at its own expense shall take out and keep in full force and effect:</p> <p>(a) all risks property insurance in an amount equal to one hundred percent (100%) of the full replacement cost insuring:</p> <p>all property owned by the Licensee, for which the Licensee is legally liable, installed by or on behalf of the Licensee, or located on the Licensed Premises including, without limitation, leasehold improvements, chattels, furniture, stock, office equipment, boiler or mechanical or electrical equipment, if applicable; and any other equipment, fixtures, or contents. The policy will include a Waiver of Subrogation in favour of the City; and</p> <p>(b) commercial general liability insurance including products liability, if applicable, personal injury, employer's/and contingent employer's liability, tenant's legal liability, blanket contractual liability and provisions for cross liability and severability of interests and non-owned automobile liability with limits of not less than Five Million Dollars (\$5,000,000.00) per occurrence. If serving alcohol on the premises for compensation, liquor liability insurance in amounts no less than Two Million Dollars (\$2,000,000.00) per occurrence. The City is to be added as an additional insured.</p>

The following is a summary of the recommended major terms and conditions of the Lease for 65 Dundas St. E.

Proposed	Terms and Conditions
Tenant	Non-profit housing provider to be chosen through a Request for Proposals process
Landlord	City of Toronto
Term	50 years less a day
Leased Premises	The existing 19-storey building containing up to 280 self-contained rental homes, and amenity and administrative spaces.
Commencement Date	On or about May 1, 2025
Basic Rent	Nominal
Additional Rent	The Tenant is responsible for all taxes, the cost of all utilities, the cost of the Tenant's insurance, and all of the other costs and expenses of maintaining and operating the Leased Premises, its services, equipment and facilities.
Net Lease	The Landlord shall not be responsible during the Term for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the Leased Premises including, without limitation, the Building, or the use and occupancy thereof, or the contents thereof or the business or operation carried on therein, and the Tenant shall pay all charges, impositions, costs and expenses of every nature and kind whatsoever relating to the Leased Premises and the use thereof by the Tenant including, without limitation, the costs of all insurance and all Taxes, save and except as is otherwise provided for in the Lease and/or the Contribution Agreement with the City of Toronto, as well as all costs and expenses incurred with respect to any shared facilities or reciprocal agreement affecting the Leased Premises.
Use	The Tenant shall use, manage, and operate the Leased Premises solely, continuously, and actively for the sole purpose of providing affordable rental housing, together with all ancillary uses including the provision of support services for Tenants.
Tenant Right to Mortgage	The Tenant shall not mortgage the Leased Premises without the consent of the Landlord, which consent may be unreasonably withheld.

Proposed	Terms and Conditions
Assignment/Subletting	<p>The Tenant shall not transfer or sublet all or any part of the Leased Premises for the whole or any part of the Term without obtaining the prior written consent of the City. The Tenant may transfer all or part of the Leased Premises to another entity associated with or controlled by the Tenant and acceptable to the City. No assignment by the Tenant shall be effective until the Transferee has entered into an agreement directly with the City, in a form satisfactory to the City, whereby the assignee expressly agrees to assume all of the obligations and liabilities.</p>
Indemnity	<p>The Tenant shall indemnify and save harmless the Landlord from any and all costs, expenses, claims, actions and losses of every nature and kind whatsoever and of and from all liabilities of every nature and kind whatsoever in connection with the Leased Premises and this Lease, whether accrued, actual, contingent, except to the extent such damages, claims or demands are caused by the negligence or misconduct of the City or those for whom it is responsible at law.</p>

<p>Tenant's Insurance</p>	<p>At all times during the Term and any renewal thereof, the Tenant at its own expense, shall take out and keep in full force and effect:</p> <p>(a) all risks insurance (including flood and earthquake) property insurance in an amount equal to one hundred (100%) percent of the full replacement cost, insuring:</p> <ul style="list-style-type: none"> <li>(i) the Leased Premises (including all buildings on the premises); the Landlord is to be included as an additional named insured and/or joint loss payee;</li> <li>(ii) contingent liability from the enforcement of building by Laws including the demolition and replacement of undamaged portions of the buildings or structures and increased costs of construction;</li> <li>(iii) all property owned by Tenant or for which Tenant is legally liable or installed by or on behalf of Tenant, or located on the Leased Premises including, without limitation, leasehold improvements, chattels, furniture, stock, office equipment, equipment, fixtures, contents, boiler or mechanical or electrical equipment, if applicable and such policy will include a Waiver of Subrogation in favour of the Landlord; and</li> <li>(iv) extra expense insurance in such amounts as will reimburse the Tenant for extra expense incurred arising out of prevention of access to the Leased Premises and/or business interruption insurance covering any rental obligation to the Landlord.</li> </ul> <p>(b) Coverage for the repair and replacement of boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus on a broad form blanket coverage basis including Business Interruption insurance. The Property and Boiler and Machinery policies shall contain provisions for settling joint loss disputes.</p> <p>(c) Commercial general liability insurance, which includes products liability (if applicable), personal injury, employer's/and contingent employer's liability, blanket contractual liability, non-owned automobile liability, Owners and Contractors Protective liability, tenant discrimination, wrongful eviction, occurrence property damage, and provisions for cross liability and severability of interests with limits of not less than Ten Million Dollars (\$10,000,000.00) per occurrence. The Landlord is to be included as an additional insured.</p>
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Proposed	Terms and Conditions
	<p>(d) During any period of construction, the Tenant will take out, or cause to be taken out wrap-up commercial general liability insurance in appropriate amounts applicable to the works. The Landlord shall be added as an additional insured on the wrap-up or any hired contractor's policy of insurance.</p> <p>(e) Standard owner's automobile liability insurance with limits of not less than Two Million Dollars (\$2,000,000.00) in respect of any one accident; and</p> <p>(f) Any such other forms of insurance as the Landlord acting reasonably, may require from time to time.</p>
Repairs and Maintenance	<p>The Landlord shall not be obliged to furnish any services, maintenance, repairs or facilities to the Leased Premises, it being agreed by the Tenant that the Landlord shall not at any time during the term of this Lease be required or called upon to make any repairs in or to the Leased Premises of any nature or kind whatsoever.</p>
Building Condition Assessment (BCA) and Reserve Fund	<p>Prior to the Commencement Date, a BCA of the Leased Premises will be conducted and the BCA will be updated every five (5) years during the Term.</p> <p>The Tenant shall open a Reserve Fund Account and shall deposit sufficient funds to establish at the end of each Lease Year the annual amount required in the most recent BCA, or if a BCA has not been conducted within five (5) years, shall deposit an amount equal to five per cent (5%) of the aggregate annual effective gross income (including all subsidies) from the Leased Premises.</p> <p>The Tenant may, with the prior written approval of the Landlord, withdraw amounts from the Reserve Fund Account to fund capital repairs.</p>

Proposed	Terms and Conditions
<p>Environmental Matters</p>	<p>The Tenant shall not cause or allow any hazardous materials to be used, generated, stored, or disposed of on, under or about, or transported to or from, the Leased Premises except in strict compliance, at the Tenant's expense, with all applicable Environmental Laws and using all necessary and appropriate precautions which a prudent operator would exercise.</p> <p>The Landlord shall not be liable to the Tenant for any hazardous materials activities conducted on the Leased Premises during the Term however caused, whether or not consented to by the Landlord.</p> <p>The Tenant shall indemnify, defend with counsel, and hold the Landlord harmless from and against any claims, damages, costs and liabilities arising out of any and all such Hazardous Materials Activities.</p>