



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Lease Arrears at 598 Gerrard Street East

Date: March 27, 2024

To: Audit and Risk Management Committee of the Board of Directors of Toronto Parking Authority

From: City Solicitor and President, Toronto Parking Authority

Wards: Ward 14 – Toronto Danforth

REASON FOR CONFIDENTIAL INFORMATION

This report is about litigation or potential litigation that affects Toronto Parking Authority (TPA) and contains advice or communications that are subject to solicitor-client privilege.

SUMMARY

The purpose of this report is to provide information and seek instructions relating to a dispute and related litigation arising from a now-terminated lease for the main floor of 598 Gerrard Street East, Toronto, Ontario (the “Premises”).

RECOMMENDATIONS

The City Solicitor and President, Toronto Parking Authority recommend that:

1. Toronto Parking Authority Board of Directors adopt the confidential recommendations contained in Confidential Attachment 1; and
2. Toronto Parking Authority Board of Directors direct that the confidential information contained in Confidential Attachment 1 to this report remain confidential in its entirety, as it is about litigation or potential litigation that affects Toronto Parking Authority and contains advice or communications that are subject to solicitor-client privilege.

FINANCIAL IMPACT

The financial implications are discussed in the confidential attachment.

DECISION HISTORY

Not applicable.

COMMENTS

BACKGROUND:

On December 13, 2013, Sonnam Investments Incorporated ("Sonnam"), then owner of 598 Gerrard Street East, entered into a 10-year commercial lease agreement with Tiziano Pivetta and Racquel Youtzy, to be incorporated, for the Premises (the "2013 Lease"). The 2013 Lease provided that the Premises was to be used as a restaurant. Further, the 2013 Lease provided that it was to be completely carefree, net-net-net for the landlord, and the Tenants were to pay all expenses with respect to the Premises, including utilities.

On January 7, 2014, Tiziano Pivetta and Raquel Youtzy incorporated 2402332 Ontario Inc., with its head office address being 598 Gerrard Street East.

In February 2016, TPA purchased the property at 598 Gerrard Street East. On or about February 24, 2016, following the TPA's purchase of 598 Gerrard Street East, the TPA and Sonnam entered into an assignment agreement whereby the TPA became the new landlord for the Premises.

When TPA became landlord, TPA received a security deposit cheque for the Premises from 2403223 Ontario Inc. It is Management's understanding that Tiziano Pivetta and Racquel Youtzy incorporated their business prior to February 2016 and hence cheques came from a numbered corporation, namely 2403223 Ontario Inc. Despite incorporating their business, the Tenants never amended the lease to reflect the name change. All rent for the Premises was paid by 2403223 Ontario Inc.

On or about March 3, 2017, TPA entered into a Lease Amending Agreement with Tiziano Pivetta and Racquel Youtzy.

RENT ARREARS ACCUMULATED DUE TO COVID-19 PANDEMIC

During the COVID-19 Pandemic, the Tenants accumulated rental arrears. During 2020 and 2021, the Tenants were eligible to apply for various COVID-19 rent assistance programs such as the Canadian Emergency Business Assistance (CEBA) loan program

and the Canadian Emergency Rent Subsidy (CERS) program. The Tenants did not apply for any subsidy or rent assistance programs and instead, informed TPA they wished to vacate their unit and not resume their business following the end of the pandemic. On February 26, 2021, TPA terminated the lease for the Premises and demanded payment of rental arrears and related fees from March 2020 to February 2021.

The matter of the rental and related arrears has been the subject of negotiation between counsel for the City and TPA, and Tiziano Pivetta, Raquel Youtzy, and 2402332 Ontario Inc. Particulars of the results of those negotiations, and recommendations arising from them, are contained in the confidential attachment.

CONTACT

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SIGNATURE

Ray Mickevicius, Acting City Solicitor
Wendy Walberg
City Solicitor

W. Scott Collier, President
Toronto Parking Authority

ATTACHMENTS

Confidential Attachment 1 - Confidential Information