## **TORONTO**

#### REPORT FOR ACTION

# Below Market Sublease/Lease Agreements with Various Child Care Services' Operators – 15 York Garden Way, 135 Kyle Lowry Road, and 8450 Sheppard Avenue East

Date: June 2, 2025

To: General Government Committee

From: Executive Director, Corporate Real Estate Management and General Manager,

Children's Services

Wards: 8 - Eglinton-Lawrence, 16 - Don Valley East, and 25 - Scarborough - Rouge Park

#### SUMMARY

This report seeks authority to enter into 10-year nominal sublease/lease agreements (collectively the "Agreements") with the following child care operators: (i) Canadian Mothercraft Society as subtenant at 15 York Garden Way; (ii) Child Development Institute as subtenant at 135 Kyle Lowry Road; and (iii) Red Apple Day Care (Overlea) as tenant at 8450 Sheppard Avenue East, for the purpose of delivering child care services at newly constructed child-care centres.

The child care centres at 15 York Garden Way and 135 Kyle Lowry Road are located in condominium buildings while the child care centre at 8450 Sheppard Avenue East is located in the North East Scarborough Community Recreation Centre. The operators were selected by the General Manager, Children's Services, pursuant to Expression of Interest ("E.O.I.") processes conducted by Children's Services, for the purpose of operating not-for-profit child care centres.

#### RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management and General Manager, Children's Services, recommend that:

- 1. City Council authorize the Executive Director, Corporate Real Estate Management to enter into three sublease/lease agreements for nominal consideration and for a term of 10-years with an option to renew for a further 10-years, with the following operators:
  - (a) Canadian Mothercraft Society, as subtenant, at the property municipally known as 15 York Garden Way, substantially on the major terms and conditions set out in

Appendix A, and as illustrated on the location map and floor plan set out in Appendix B and Appendix C respectively;

- (b) Child Development Institute, as subtenant, at the property municipally known as 135 Kyle Lowry Road, substantially on the major terms and conditions set out in Appendix D, and as illustrated on the location map and floor plan set out in Appendix E and Appendix F respectively; and
- (c) Red Apple Day Care (Overlea), as tenant, at the property municipally known as 8450 Sheppard Avenue East, substantially on the major terms and conditions set out in Appendix G, and as illustrated on the location map and floor plan set out in Appendix H and Appendix I respectively,

and including such other or amended terms and conditions as deemed appropriate by the Executive Director, Corporate Real Estate Management and in a form satisfactory to the City Solicitor.

2. City Council authorize severally each of the Executive Director, Corporate Real Estate Management, and the Director, Real Estate Services, Corporate Real Estate Management to negotiate and execute the sublease/lease agreements, and any related documents on behalf of the City.

#### FINANCIAL IMPACT

#### 15 York Garden Way and 135 Kyle Lowry Road Subleases

The proposed subleases will provide Canadian Mothercraft Society with the subleased premises at 15 York Garden Way and Child Development Institute with the subleased premises at 135 Kyle Lowry Road for nominal rent and in accordance with the terms of the respective subleases.

Canadian Mothercraft Society and Child Development Institute will be responsible for all costs of operating their respective daycare centres in the subleased premises, including costs such as staff salaries, employee benefits, food, educational supplies/equipment, furniture, and decorations.

All operating costs related to heating, air-conditioning and ventilation equipment, plumbing, all utilities such as water, gas and hydro, repair and replacement costs (other than normal wear and tear), realty taxes and local improvement charges, facility fees and charges, and caretaking costs related to each building's common areas, will be paid by the respective head landlords (Dufferin Yorkdale Fitzrovia Inc. and Ontari Holdings Ltd. for 15 York Garden Way and CT1 (Commercial) Limited for 135 Kyle Lowry Road), for the entire 99-year head lease term, resulting in no expected costs to the City.

#### 8450 Sheppard Avenue East Lease

The proposed lease will provide Red Apple Day Care (Overlea) with the leased premises Below Market Sublease/Lease Agreements – 15 York Garden Way, 135 Kyle Lowry Rd., Page 2 of 22 8450 Sheppard Ave. East

at 8450 Sheppard Avenue East for nominal rent. In accordance with the terms of the lease agreement, Red Apple Day Care (Overlea) will be responsible for: (i) all repair, maintenance and day-to-day cleaning costs; (ii) all costs of operating the premises such as staff salaries, employee benefits, food, educational supplies/equipment, furniture, decorations, and utilities; (iii) any applicable property taxes related to the leased premises; and (iv) its proportionate share of the operating costs and capital costs, resulting in no expected costs to the City.

#### **Opportunity Cost of the Agreements**

The estimated total opportunity cost of the Agreements over each respective 20-year potential term, including the renewal option, is approximately \$18,069,523, based on combined interior and exterior spaces with an estimated yearly rental escalation of about 2.5%. See Table 1 below for a detailed summary of the opportunity cost.

Table 1: Summary of the Opportunity Cost of the Agreements

| Location                  | Market Rental Rate | Opportunity Cost |
|---------------------------|--------------------|------------------|
| 15 York Garden Way        | \$22               | \$7,037,553      |
| 135 Kyle Lowry Road       | \$18               | \$6,159,327      |
| 8450 Sheppard Avenue East | \$13               | \$4,872,643      |
|                           | Total              | \$18,069,523     |

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

#### **DECISION HISTORY**

#### 15 York Garden Way

On June 8, 2023, an application was made by the head landlord to Engineering & Construction Services (ECS) to revise municipal addressing of the lands known in the Official Record as 3450 Dufferin Street, Toronto for a proposed residential/commercial development. On July 11, 2023, ECS responded confirming change in address for 3450 Dufferin Street as 15 York Garden Way, where the childcare facility is located.

At its meeting of March 27, 2019, City Council adopted Item CC5.13 - 3450 Dufferin Street - City Initiated Official Plan Amendment - Dufferin Street Secondary Plan - Request for Directions Regarding Local Planning Appeal Tribunal Hearing, thereby authorizing the City to enter into a Section 37 Agreement to secure, among other matters, the entering into a head lease agreement with Dufferin Yorkdale Fitzrovia Inc. and Ontari Holdings Ltd. as head landlord of a 99 year lease for the operation of a childcare facility, comprising of a minimal of 884 square metres of interior space and a minimum of 280 square metres of exterior space located at 3450 Dufferin Street.

http://app.toronto.ca/tmmis/viewAgendaltemHistory.do?item=2019.CC5.13

#### 135 Kyle Lowry Road

On January 20, 2022, an application was made by the head landlord to Engineering & Construction Services (ECS) to revise municipal addressing of the lands known in the Official Record as 135 Kyle Lowry Road, North York for a proposed residential/commercial development. On January 25, 2022, ECS responded confirming change in address for 844 Don Mills Road as 135 Kyle Lowry Road, where the childcare facility is located.

At its meeting on June 26, 27, 28 and 29, 2018, City Council adopted Item PG30.7, with amendments - 844 Don Mills Road, 1150 and 1155 Eglinton Avenue East - Official Plan Amendment, Zoning By-law Amendment and Plan of Subdivision Applications - Request for Direction Report, authorizing the City to enter into a Section 37 Agreement to secure, among other matters, the entering into of a head lease with the head landlord and the City for a term of 99 years for the operation of a childcare facility, comprising of a minimum of 985 square metres of interior space and a minimum of 270 square metres of exterior space at 844 Don Mills Road.

http://app.toronto.ca/tmmis/viewAgendaltemHistory.do?item=2018.PG30.7

#### 8450 Sheppard Avenue East

At its meeting of December 15, 16 and 17, 2021, City Council adopted Item GL27.9, thereby authorizing increases to the approved 2021 Capital Budget and 2022-2030 Plan to proceed with the award for Construction of the North East Scarborough Community Recreation Centre (including Child Care Centre) and Joyce Trimmer Park Improvements. <a href="http://app.toronto.ca/tmmis/viewAgendaltemHistory.do?item=2021.GL27.9">http://app.toronto.ca/tmmis/viewAgendaltemHistory.do?item=2021.GL27.9</a>

At its meeting held on November 7, 8 and 9, 2017, City Council adopted Item EX28.8, thereby approving the Community Space Tenancy Policy, which replaced the Policy for City-Owned Space Provided at Below-Market Rent. On June 29 and 30, 2020, City Council adopted Item GL12.7, thereby approving certain amendments to the Community Space Tenancy Policy. The Community Space Tenancy Policy, as amended, does not apply to the allocation of community space to organizations that operate under Purchase of Service Agreements with the City for child care.

http://app.toronto.ca/tmmis/viewAgendaltemHistory.do?item=2017.EX28.8 http://app.toronto.ca/tmmis/viewAgendaltemHistory.do?item=2020.GL12.7

At its meeting on October 1, 2, and 3, 2002, City Council adopted Item titled Policy for City-Owned Space Provided at Below-Market Rent as the first step in rationalizing how City-owned space is provided to community and cultural organizations.

http://www.toronto.ca/legdocs/2002/agendas/council/cc021001/pof13rpt/cl001.pdf

#### COMMENTS

#### Canadian Mothercraft Society – 15 York Garden Way

#### Background

The child care centre was secured by the City as a community benefit pursuant to a Section 37 Agreement authorized by Item CC5.13. The City is currently negotiating the

head lease with the head landlord, Dufferin Yorkdale Fitzrovia Inc. and Ontari Holdings Ltd., as landlord (collectively referred to as the "Head Landlord").

Under the proposed head lease, the City will lease the premises on the ground and mezzanine space of a condominium building within the lands municipally known as 15 York Garden Way for a child care facility. The lease will have a cumulative term of 99-years. The child care centre will have a dedicated entrance at the ground level, a dedicated elevator from the parking level, and will have space for up to 62 children, including: 10 infants, 20 toddlers and 32 preschoolers.

Under the terms of the proposed head lease, the Head Landlord is required to construct, finish, furnish and fully equip the leased premises in compliance with all applicable laws and all child care licensing requirements. The leased premises will be provided to the City completely free of charge, rent-free and at no cost to the City. The leased premises must be used exclusively as a child care facility operated by the City, or a non-profit operator chosen or established by the City. Additionally, assignment or sublease to the operator for the purpose of operating a child care facility does not require consent from the Head Landlord, but the operator will be selected in consultation with the Head Landlord.

#### The Sublease Agreement

The City will enter into a sublease with Canadian Mothercraft Society, as subtenant, for the space at 3450 Dufferin Street for a 10-year term, with an option to extend for an additional 10-years. Canadian Mothercraft Society is responsible all costs associated with operating the child care centre in the subleased premises including, but not limited to cleaning and caretaking of the subleased premises and maintenance (for wear and tear), staff salaries, employee benefits, food, educational supplies/equipment, furniture, and decorations. The subleased premises may only be used for delivering child care services for children aged zero to four. See Appendix A for the major terms and conditions of the sublease.

#### Child Development Institute - 135 Kyle Lowry Road

#### Background

The child care centre was secured by the City as a community benefit pursuant to a Section 37 Agreement authorized by Item PG30.7. The City is currently negotiating the head lease with the head landlord, CT1 (Commercial) Limited.

Under the proposed head lease, the City will lease the premises on the ground and second floor of a condominium building within the lands municipally known as 135 Kyle Lowry Road for a child care facility. The lease will have a cumulative term of 99-years. The child care centre will have a dedicated entryway from Kyle Lowry Road, and will have space for up to 62 children, including: 10 infants, 20 toddlers and 32 preschoolers.

Under the terms of the proposed head lease, CT1 (Commercial) Limited is required to construct, finish, furnish and fully equip the space in compliance with all applicable laws and child care licensing requirements. The space will be provided to the City completely

rent-free and at no cost to the City. The space shall be used only for a child care facility operated by the City, or a non-profit operator chosen or established by the City, and the City is entitled to sublease the premises to an operator for use as a child care facility.

#### The Sublease Agreement

The City will enter into a sublease with Child Development Institute, as subtenant, for the space at 135 Kyle Lowry Road for a 10-year term, with an option to extend for an additional 10-years. Child Development Institute is responsible all costs associated with operating the child care centre in the subleased premises including, but not limited to cleaning and caretaking of the subleased premises and maintenance (for wear and tear), staff salaries, employee benefits, food, educational supplies/equipment, furniture, and decorations. The subleased premises may only be used for delivering child care services for children aged zero to four. See Appendix D for the major terms and conditions of the sublease.

### Red Apple Day Care (Overlea) - 8450 Sheppard Avenue East (North East Scarborough Community Recreation Centre)

#### Background

The new child care centre located at Joyce Trimmer Park in Scarborough, has recently been constructed within the new City-owned and operated North East Scarborough Community Recreation Centre at 8450 Sheppard Avenue East, east of the Morningside Avenue and Sheppard Avenue East intersection. The child care centre will have space for up to 62 children, including: 10 infants, 20 toddlers and 32 preschoolers.

#### The Lease Agreement

The lease agreement will be for a 10-year term, with an option to renew for an additional period of 10-years. Red Apple Day Care (Overlea) will be responsible for all expenses related to the child care centre, including maintenance, operating costs, utilities and property taxes. Red Apple Day Care (Overlea) shall only use the leased premises for delivering child care services for children aged three months to four years. See Appendix G for the major terms and conditions of the lease agreement.

#### **Selection of Child Care Operators**

E.O.I.s were conducted by Children's Services to identify and confirm qualified, licensed, not-for-profit child care providers to operate the child care centres identified in this report. Applications were accepted from not-for-profit child care agencies and public institutions who held a Service Agreement in good standing with the City for child care fee subsidies and who have experience in the successful operation of licensed child care programs. Multiple bids were received and evaluated by staff. Table 2 below provides an overview of the top bids received and milestone dates, including anticipated occupancy in the third quarter of 2025, for each child care centre.

Table 2: Summary of Selection of Child Care Operators

| Child Care             | Date                 | Date                 | Name of                            | Date of       |
|------------------------|----------------------|----------------------|------------------------------------|---------------|
| Centre                 | E.O.I.               | Operator             | Selected                           | Anticipated   |
| Location               | Closed               | Selected             | Operator                           | Occupancy     |
| 15 York Garden<br>Way  | November 5, 2024     | November<br>26, 2024 | Canadian<br>Mothercraft<br>Society | Third quarter |
| 135 Kyle Lowry<br>Road | February<br>14, 2025 | March 21,<br>2025    | Child<br>Development<br>Institute  | of 2025       |
| 8450 Sheppard          | October              | November             | Red Apple Day                      |               |
| Avenue East            | 28, 2024             | 14, 2024             | Care (Overlea)                     |               |

#### CONTACT

Alison Folosea, Director, Transaction Services, Corporate Real Estate Management, 416-338-2998, <a href="mailto:Alison.Folosea@toronto.ca">Alison.Folosea@toronto.ca</a>

Nino Dodaro, Program Manager, Asset Management, Children's Services, 416-931-8471, Nino.Dodaro@toronto.ca

#### **SIGNATURE**

Patrick Matozzo
Executive Director, Corporate Real Estate Management

Shanley McNamee General Manager, Children's Services

#### **ATTACHMENTS**

Appendix A - Major Terms and Conditions of 15 York Garden Way Sublease Appendix B - Location Map of 15 York Garden Way

Appendix C - Floor Plans of 15 York Garden Way

Appendix D - Major Terms and Conditions of 135 Kyle Lowry Road Sublease

Appendix E - Location Map of 135 Kyle Lowry Road

Appendix F - Floor Plan of 135 Kyle Lowry Road

Appendix G - Major Terms and Conditions of 8450 Sheppard Avenue East Lease

Appendix H - Location Map of 8450 Sheppard Avenue East

Appendix I - Floor Plan of 8450 Sheppard Avenue East

Appendix A – Major Terms and Conditions of 15 York Garden Way Sublease

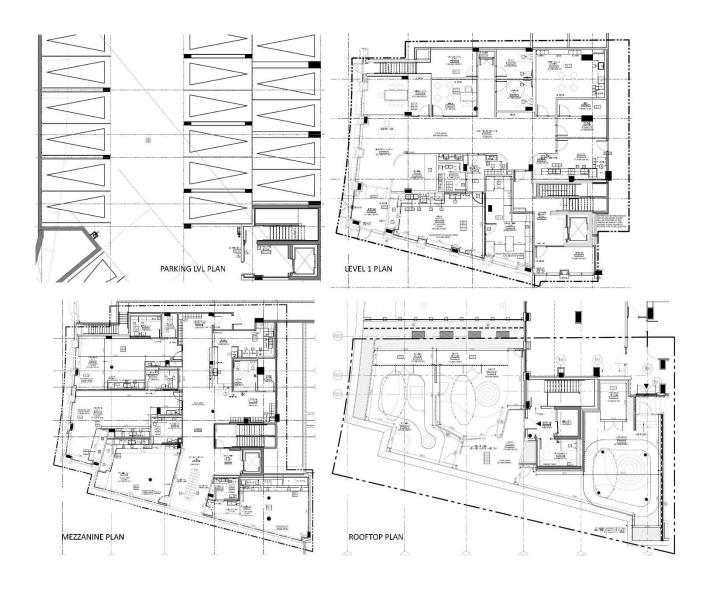
| Property:                           | 15 York Garden Way, Toronto, ON, M6A 0G4   |
|-------------------------------------|--|
| Head Landlord/Developer:            | Dufferin Yorkdale Fitzrovia Inc. and and Ontari Holdings   |
|                                     | Ltd.   |
| Sub-landlord:                       | City of Toronto (the "City")   |
| Subtenant:                          | Canadian Mothercraft Society   |
| Subleased Premises:                 | Total area of 12,529 square feet; comprising approximately 13,988 square feet of indoor space, at grade, and approximately 3,947 square feet of outdoor space at second floor (roof-top); located on the upper ground floor of the building, as shown in Appendix C.   |
| Basic Rent:                         | A nominal sum of \$2 per annum (\$20 in total for the initial 10-year term) which shall be deemed to have been paid on the commencement date of the sublease agreement, plus all applicable taxes.   |
| Subtenant<br>Responsibilities:      | Canadian Mothercraft Society will manage and pay for all costs associated with operating the child care centre in the subleased premises including, but not limited to staff salaries, employee benefits, food, educational supplies/equipment, furniture, and decorations. Dufferin Yorkdale Fitzrovia Inc. and Ontari Holdings Ltd., (collectively referred to as the "Head Landlord"), will manage and pay for heating, air-conditioning and ventilation equipment, plumbing, all utilities such as water, gas and hydro, repair and replacement costs (other than normal wear and tear), realty taxes and local improvement charges, facility fees and charges, and caretaking costs related to the building's common areas. |
| Maintenance and Repairs (Interior): | Canadian Mothercraft Society will be responsible for any maintenance (for wear and tear), and shall exercise due care with respect to the operation of the premises and the appliances, fixtures and furniture therein and shall reimburse the head landlord for any expenses related to any damage to the heating, ventilating and air conditioning systems, or building structure occasioned wholly or in part by the negligent act or omission of Canadian Mothercraft Society. The cost of any alterations and replacements requested or undertaken by Canadian Mothercraft Society and approved by the City to enhance, improve, or reconfigure the child care facility will be paid by Canadian Mothercraft Society.       |
| Commencement Date:                  | Provided that the head lease is fully executed, the Commencement Date shall be on or about October 1, 2025, or such other date as determined by the Executive Director, Corporate Real Estate  |

|                     | Management, in consultation with the General                |
|---------------------|---|
|                     | Manager, Children's Services.                               |
| Sublease Term:      | The initial term of the sublease shall be 10-years.         |
| Option to Extend:   | Provided Canadian Mothercraft Society retains its not-      |
|                     | for-profit status and is not in default under the           |
|                     | sublease, Canadian Mothercraft Society has the option       |
|                     | to extend the term for one additional 10-year term, on      |
|                     | the same terms and conditions as set out in the             |
|                     | sublease, save and except for any further right of          |
|                     | extension.  |
| Permitted Use:      | The subleased premises shall be used solely as a not-       |
|                     | for-profit child care centre for children ages zero to four |
|                     | licensed under and operated in accordance with the          |
|                     | Child Care and Early Years Act, 2014 (Ontario) and all      |
|                     | other applicable laws, and for no other purpose.            |
|                     | Canadian Mothercraft Society shall pay all expenses         |
|                     | and obtain and maintain at all times, all permits,          |
|                     | licences, and authorization necessary to continue its       |
|                     | permitted use.  |
| Service Agreement:  | A default of the Service Agreement by Canadian              |
|                     | Mothercraft Society shall constitute a default under the    |
| -                   | sublease.   |
| Insurance:          | Canadian Mothercraft Society shall provide an               |
|                     | insurance certificate or other proof of insurance in        |
|                     | accordance with the City's requirements prior to the        |
|                     | commencement of the term of the sublease, and               |
|                     | thereafter on an annual basis, and upon request of the      |
| Non-Profit status:  | City. Canadian Mothercraft Society is required to maintain  |
| NOII-FIOIIL STATUS: | non-profit status throughout the term, and any              |
|                     | extension thereof.  |
| Subleasing:         | Canadian Mothercraft Society shall not be entitled to       |
| Jubicasing.         | sublease the space without the consent of the City.         |
|                     | Subjected the space without the consent of the City.        |

#### Appendix B - Location Map of 15 York Garden Way



#### Appendix C - Floor Plan of 15 York Garden Way

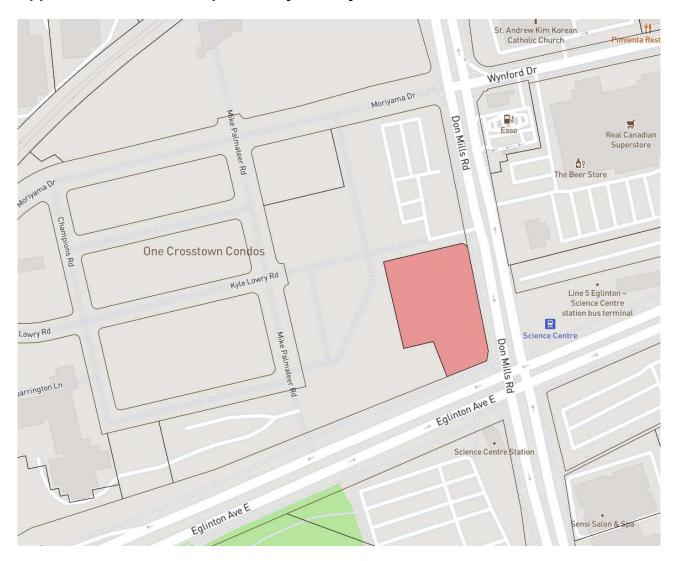


Appendix D – Major Terms and Conditions of 135 Kyle Lowry Road Sublease

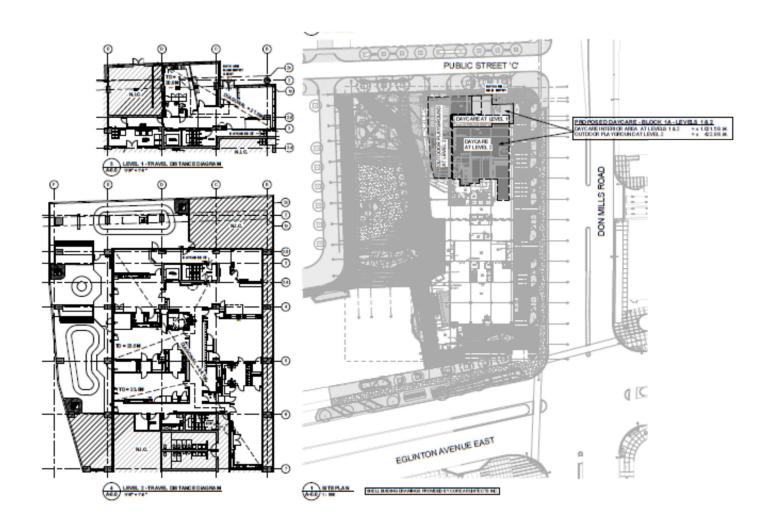
| Property:                           | 135 Kyle Lowry Road, Toronto, ON, M3C 1V4  |
|-------------------------------------|--|
| Head                                | CT1 (Commercial) Limited   |
| Landlord/Developer:                 |  |
| Sub-landlord:                       | City of Toronto (the "City")   |
| Subtenant:                          | Child Development Institute  |
| Subleased Premises:                 | Total area of 13,509 square feet; comprising approximately 10,603 square feet of indoor space, at grade and second floor, and approximately 2,906 square feet of outdoor space   |
|                                     | on the second floor, as shown in Appendix F.   |
| Basic Rent:                         | A nominal sum of \$2 per annum (\$20 in total for the initial 10-year term) which shall be deemed to have been paid on the commencement date of the sublease agreement, plus all applicable taxes.   |
| Subtenant<br>Responsibilities:      | Child Development Institute will manage and pay for all costs for the day-to-day operation of the child care centre in the subleased premises including, but not limited to, cleaning and caretaking of the subleased premises and maintenance (for wear and tear), staff salaries, employee benefits, food, educational supplies/equipment, furniture, and decorations.  CT1 (Commercial) Limited (referred to as the "Head Landlord") will manage and pay for heating, air-conditioning and ventilation equipment, plumbing, all utilities such as water, gas and hydro, repair and replacement costs (other than normal wear and tear), realty taxes and local improvement charges, facility fees and charges, and caretaking costs related to the building's common areas. |
| Maintenance and Repairs (Interior): | Child Development Institute will be responsible for any maintenance (for wear and tear), and shall exercise due care with respect to the operation of the premises and the appliances, fixtures and furniture therein and shall reimburse the head landlord for any expenses related to any damage to the heating, ventilating and air conditioning systems, or building structure occasioned wholly or in part by the negligent act or omission of the Child Development Institute. The cost of any alterations and replacements requested or undertaken by Child Development Institute and approved by the City to enhance, improve, or reconfigure the child care facility will be paid by Child Development Institute.   |
| Commencement                        | Provided that the head lease is fully executed, the  |
| Date:                               | Commencement Date shall be on or about October 1, 2025,  |
|                                     | or such other date as determined by the Executive Director,  |
|                                     | Corporate Real Estate Management, in consultation with the   |
| Oubless Trees                       | General Manager, Children's Services.  |
| Sublease Term:                      | The initial term of the sublease shall be 10-years.  |

| Option to Renew:   | Provided Child Development Institute retains its not-for-profit status and is not in default under the sublease, Child Development Institute has the option to renew the term for one additional 10-year term, on the same terms and conditions as set out in the sublease, save and except for any further right of renewal.  |
|--------------------|--|
| Permitted Use:     | The subleased premises shall be used solely as a not-for-profit child care centre for children ages zero to four, licensed under and operated in accordance with the <i>Child Care and Early Years Act, 2014</i> (Ontario) and all other applicable laws, and for no other purpose. Child Development Institute shall pay all expenses and obtain and maintain at all times, all permits, licences, and authorization necessary to continue its permitted use. |
| Service Agreement: | A default of the Service Agreement by Child Development Institute shall constitute a default under the sublease.   |
| Insurance:         | Child Development Institute shall provide an insurance certificate or other proof of insurance in accordance with the City's requirements prior to the commencement of the term of the sublease, and thereafter on an annual basis, and upon request of the City.  |
| Non-Profit status: | Child Development Institute is required to maintain non-profit status throughout the term, and any renewal thereof.  |
| Subleasing:        | Child Development Institute shall not be entitled to sublease the space without the consent of the City.   |

#### Appendix E - Location Map of 135 Kyle Lowry Road



#### Appendix F – Floor Plan of 135 Kyle Lowry Road

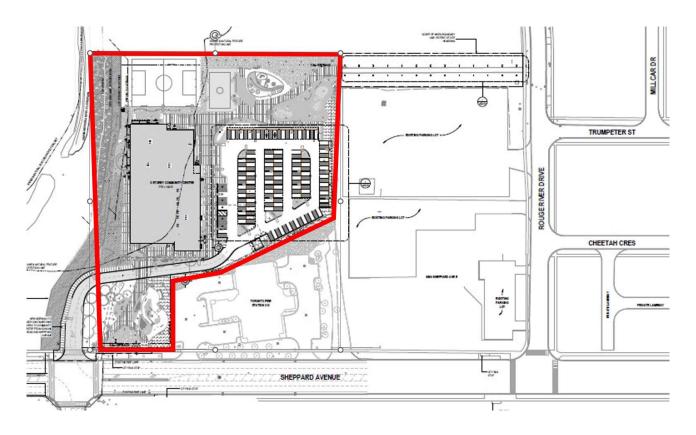


## Appendix G – Major Terms and Conditions of 8450 Sheppard Avenue East Lease

| Property:                           | 8450 Sheppard Avenue East, Scarborough, ON, M1B 5R4   |
|-------------------------------------|---|
| Landlord:                           | City of Toronto (the "City")  |
| Tenant:                             | Red Apple Day Care (Overlea)  |
| Leased Premises:                    | Total area of 14,197 square feet; comprising approximately 9,612 square feet of indoor space and approximately 4,585 square feet of outdoor space at grade; located on the ground floor of the building, as shown in Appendix I   |
| Basic Rent:                         | A nominal sum of \$2 per annum (\$20 in total for the initial ten-year term) which shall be deemed to have been paid on the commencement date of the lease agreement, plus all applicable taxes.  |
| Additional Rent:                    | Red Apple Day Care (Overlea) will be responsible for all costs attributable to the Child Care Facility including (i) Occupant Costs, which includes common area operating costs and exclusive area operating costs; (ii) Capital Costs, which includes shared capital costs, as further detailed below, and exclusive area capital costs; and (iii) the cost of water, natural gas, hydro, and waste collection.  |
| Tenant<br>Responsibilities:         | Red Apple Day Care (Overlea) will manage and pay for all costs of operating in the Leased Premises including, but not limited to staff salaries, benefits, food, educational supplies/equipment, furniture, and decorations.  |
| Shared Capital Costs:               | Red Apple Day Care (Overlea) will contribute to capital costs associated with repair or replacement of the following elements that are shared by the occupants of North East Scarborough Community Recreation Centre, including but not limited to:  • Building envelope including roof, windows, exterior walls, etc.  • Structural components (columns, etc.)  • Lobby area  • Driveway, walkway, loading areas  • Garbage area  • HVAC equipment and system (including energy recovery ventilators)  • Air source heat pumps and heat recovery chillers  • Life system  • Photo Voltaic Panels  • Service systems which include water mains, gas mains, electrical wires, cables, conduits, sanitary and storm sewers, and drainage. |
| Maintenance and Repairs (Interior): | Red Apple Day Care (Overlea) will be responsible for any maintenance, alternations and replacement costs of the Child Care Facility and building systems, including appropriately sized heating, cooling, and ventilation,  |

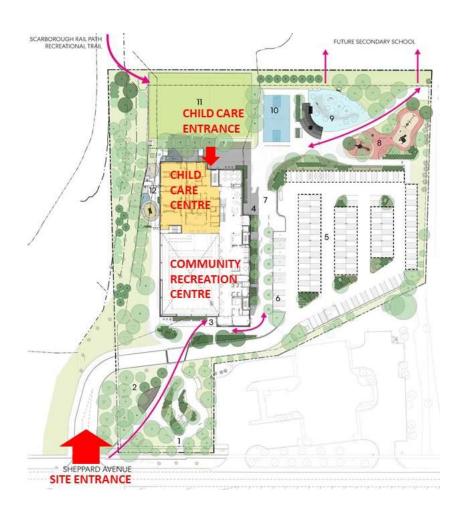
|                                       | plumbing systems. The cost of any alterations and replacements requested or undertaken by Red Apple Day Care (Overlea) and approved by the City to enhance, improve or reconfigure the Child Care Facility will be paid by  |
|---------------------------------------|---|
| Droporty Toy                          | Red Apple Day Care (Overlea).   |
| Property Tax:                         | To be paid annually by Red Apple Day Care (Overlea).  |
| Commencement                          | On or about October 1, 2025, or such other date as  |
| Date:                                 | determined by the Executive Director, Corporate Real Estate Management and General Manager, Children's Services.  |
| Lease Term:                           | The initial term of the lease shall be 10-years.  |
| Option to Renew:                      | Provided that Red Apple Day Care (Overlea) retains its not-<br>for-profit status and is not in default under the lease, Red<br>Apple Day Care (Overlea) will have the option to renew the<br>term for one additional 10-year term, substantially on the<br>same terms and conditions as set out in the lease, save and<br>except for any further right of extension.  |
| Permitted Use:                        | The leased premises shall be used solely as a not-for-profit child care centre for children aged three months to four years licensed under and operated in accordance with the Child Care and Early Years Act, 2014 (Ontario) and all other applicable laws, and for no other purpose.  Red Apple Day Care (Overlea) shall be responsible for, shall pay all expenses and obtain and maintain at all times, all permits, licences, and authorization necessary to continue its permitted use. |
| Service Agreement:                    | A default of the Service Agreement by Red Apple Day Care (Overlea) shall constitute a default under the lease   |
| Insurance:                            | Red Apple Day Care (Overlea) shall provide an insurance certificate or other proof of insurance in accordance with the City's requirements prior to the commencement of the term of the lease, and thereafter on an annual basis, and upon request of the City.   |
| Non-Profit status:                    | Red Apple Day Care (Overlea) is required to maintain non-<br>profit status throughout the term, and any extension thereof.  |
| Subleasing:                           | Red Apple Day Care (Overlea) shall not be entitled to sublease the space without the consent of the City.   |
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#### Appendix H - Location Map of 8450 Sheppard Avenue East



#### Site Plan

- 1. Skateboard Park
- 2. Stormwater retention landscape with native planting
- 3. South Building Entrance
- 4. East Building Entrance
- 5. Parking Lot with PV Canopy Above
- 6. EV Parking Spaces
- 7. High albedo paving throughout parking lot and site
- 8. Playground
- 9. Splash Pad
- 10. Basketball Court
- 11. Mini Soccer Field
- 12. Outdoor Child Care Play



#### Appendix I – Floor Plan of 8450 Sheppard Avenue East

