

**DELEGATED APPROVAL FORM
CHIEF CORPORATE OFFICER
DIRECTOR OF REAL ESTATE SERVICES**

TRACKING NO.: 2016-145

<input checked="" type="checkbox"/> Approved pursuant to the Delegated Authority contained in Executive Committee Item EX43.7 entitled "Delegation of Authority in Certain Real Estate Matters" adopted by City Council on May 11 and 12, 2010 (Confirmatory By-law No. 532-2010, enacted on May 12, 2010), as amended by GM24.9 entitled "Minor Amendments to Delegation of Authority in Certain Real Estate Matters" adopted by City Council on October 8, 9, 10 and 11, 2013 (Confirmatory By-Law No. 1234-2013, enacted October 11, 2013), as amended by DAF 2013-307 and DAF 2014-087; and further amended by EX44.22 entitled "Strategic Property Acquisitions" adopted by City Council on August 25, 26, 27 and 28, 2014 (Confirmatory By-law No.1074-2014, enacted on August 28, 2014).			
<input type="checkbox"/> Approved pursuant to the Delegated Authority contained in Executive Committee Item EX33.44 entitled "Union Station Revitalization Implementation and Head Lessee Selection" adopted by City Council on August 5 and 6, 2009. City Council confirmatory By-law No. 749-2009, enacted on August 6, 2009.			
Prepared By:	Daran Somas	Division:	Real Estate Services
Date Prepared:	June 20, 2016	Phone No.:	(416) 397 – 7671
Purpose	To obtain authority to enter into a seventh lease extension and amending agreement (the "Agreement") between the City of Toronto (the "Tenant") and 1225 Kennedy Holdings Inc. (the "Landlord") for the Units F & H (the "Premises"), for an extension term of three (3) years & five (5) months commencing October 1, 2015 and expiring February 28, 2019 (the "Term"), for use by Toronto Employment & Social Services ("TESS").		
Property	Units F and H of the building municipally known as 1225 Kennedy Road, which includes approximately 28,931 square feet of rentable office space. (See page 6 for Schedule "A" Site location Map, and Schedule "B" Aerial View.		
Actions	<ol style="list-style-type: none"> 1. Authority be granted to extend and amend the existing Lease between 1225 Kennedy Holdings Inc. as landlord, and the City as tenant, for space at 1225 Kennedy Road for a further three (3) years and five (5) months, subject to the terms and conditions outlined in page 4, and on such other terms as may be acceptable to the Chief Corporate Officer and in a form acceptable to the City Solicitor; 2. the Chief Corporate Officer or designate shall administer and manage the lease extension and amendment agreement including the provision of any consents, approvals, waivers, notices and notices of termination provided that the Chief Corporate Officer may, at any time, refer consideration of such matter to City Council for its determination and direction; and 3. the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto 		
Financial Impact	<p>The total net rental cost to the City for the three (3) year and five (5) months term of this extension will be \$2,372,342.00 plus HST. The basic rent will be \$1,729,832.71 for the term, approximately \$506,292.50 per year (based on \$17.50 per square foot), plus HST and additional rent estimated at \$642,509.29 plus HST for the term and approximately \$188,051.50 plus HST per year. Total annual costs will be approximately \$694,344.00 plus HST per year (approximately \$24.00 per square foot). The funding for the lease payments is included in the 2016 approved Operating budget for Toronto Employment & Social Services and will be included in future budget submissions.</p> <p>The Deputy City Manager & Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>		
Comments	Please see page 4 for comments section.		
Terms	Please see page 5 for Major terms and Conditions		
Property Details	Ward:	37 – Scarborough Center	
	Assessment Roll No.:	N/A	
	Approximate Size:	28, 931 sq.ft	
	Approximate Area:		
	Other Information:		

A.	Director of Real Estate Services has approval authority for:	Chief Corporate Officer has approval authority for:
<p>1. Acquisitions:</p> <p>2. Expropriations:</p> <p>3. Issuance of RFPs/REOs:</p> <p>4. Permanent Highway Closures:</p> <p>5. Transfer of Operational Management to ABCDs:</p> <p>6. Limiting Distance Agreements:</p> <p>7. Disposals (including Leases of 21 years or more):</p> <p>8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan:</p> <p>9. Leases/Licences (City as Landlord/Licensor):</p> <p>10. Leases/Licences (City as Tenant/Licensee):</p> <p>11. Easements (City as Grantor):</p> <p>12. Easements (City as Grantee):</p> <p>13. Revisions to Council Decisions in Real Estate Matters:</p> <p>14. Miscellaneous:</p>	<p><input type="checkbox"/> Where total compensation does not exceed \$1 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$1 Million.</p> <p>Delegated to a more senior position.</p> <p>Delegated to a more senior position.</p> <p>Delegated to a more senior position.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$1 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$1 Million.</p> <p>Delegated to a more senior position.</p> <p><input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$1 Million;</p> <p><input type="checkbox"/> (b) Where compensation is less than market value, for periods not exceeding three (3) months, including licences for environmental assessments and/or testing, etc.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$1 Million.</p> <p><input type="checkbox"/> (a) Where total compensation does not exceed \$1 Million.</p> <p><input type="checkbox"/> (b) When closing road, easements to pre-existing utilities for nominal consideration.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$1 Million.</p> <p><input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and may include increase not to exceed the amount of the original decision by the lesser of 10 per cent and \$500,000).</p> <p><input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences;</p> <p><input type="checkbox"/> (b) Releases/Discharges;</p> <p><input type="checkbox"/> (c) Surrenders/Abandonments;</p> <p><input type="checkbox"/> (d) Enforcements/Terminations;</p> <p><input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppels/Certificates;</p> <p><input type="checkbox"/> (f) Objections/Waivers/Cautions;</p> <p><input type="checkbox"/> (g) Notices of Lease and Sublease;</p> <p><input type="checkbox"/> (h) Consent to regulatory applications by City, as owner;</p> <p><input type="checkbox"/> (i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title;</p> <p><input type="checkbox"/> (j) Documentation relating to Land Titles applications;</p> <p><input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds.</p>	<p><input type="checkbox"/> Where total compensation does not exceed \$3 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$3 Million.</p> <p><input type="checkbox"/> Issuance of RFPs/REOs.</p> <p><input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.</p> <p><input type="checkbox"/> Transfer of Operational Management to ABCDs.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$3 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$3 Million.</p> <p><input type="checkbox"/> Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.</p> <p><input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$3 Million;</p> <p><input type="checkbox"/> (b) Where compensation is less than market value, for periods not exceeding six (6) months, including licences for environmental assessments and/or testing, etc.</p> <p><input checked="" type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$3 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$3 Million.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$3 Million.</p> <p><input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and may include increase not to exceed the amount of the original decision by the lesser of 10 per cent and \$1 Million).</p> <p><input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences;</p> <p><input type="checkbox"/> (b) Releases/Discharges;</p> <p><input type="checkbox"/> (c) Surrenders/Abandonments;</p> <p><input type="checkbox"/> (d) Enforcements/Terminations;</p> <p><input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppels/Certificates;</p> <p><input type="checkbox"/> (f) Objections/Waivers/Cautions;</p> <p><input type="checkbox"/> (g) Notices of Lease and Sublease;</p> <p><input type="checkbox"/> (h) Consent to regulatory applications by City, as owner;</p> <p><input type="checkbox"/> (i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title;</p> <p><input type="checkbox"/> (j) Documentation relating to Land Titles applications;</p> <p><input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds.</p>

B. Chief Corporate Officer and Director of Real Estate Services each has signing authority on behalf of the City for:

- 1. Agreements of Purchase and Sale and all implementing documentation for purchases, sales and land exchanges not delegated to staff for approval.
- 2. Expropriation Applications and Notices following Council approval of expropriation.
- 3. Documents required to implement the delegated approval exercised by him.

Chief Corporate Officer also has approval authority for:

- Leases/licences/permits at Union Station during the Revitalization Period, if the rent/fee is at market value.

Consultation with Councillor(s)										
Councillor:	Michael Thompson					Councillor:				
Contact Name:	Ihor D. Wons					Contact Name:				
Contacted by:	X	Phone		E-Mail		Memo		Other		
Comments:	Consent					Comments:				
Consultation with ABCDs										
Division:	Toronto Employment Social Services					Division:	Financial Planning			
Contact Name:	Darrin Cermeersch					Contact Name:	Filisha Mohammed			
Comments:	Consent					Comments:	Consent			
Legal Division Contact										
Contact Name:	Soo Kim Lee									
DAF Tracking No.: 2016 - 145			Date			Signature				
Recommended by: Manager: Wayne Duong			June/29/2016			Sgd.\ Wayne Duong				
<input checked="" type="checkbox"/>	Recommended by: Director of Real Estate Services Joe Casali			July/5/2016			Sgd.\ Joe Casali			
<input type="checkbox"/>	Approved by:									
<input checked="" type="checkbox"/>	Approved by: Chief Corporate Officer Josie Scioli			July/7/2016			Sgd.\ Josie Scioli			

General Conditions ("GC")

- (a) The local Councillor (or local Councillors if the subject property is located on a ward boundary or if the transaction involves an exchange of properties in more than one ward), will be consulted prior to the exercise of delegated Approving Authority by staff for all Acquisitions, Disposals, Land Exchanges and Leases.
- (b) Where approving power has been delegated to staff, the Chief Corporate Officer, in consultation with the applicable Deputy City Manager or the City Manager, may determine that such matter is of such special interest that same should be returned to the relevant Committee and Council for consideration and determination.
- (c) Exercise of delegated authority is subject to all applicable Council policies, statutes or other applicable law.
- (d) Authority to approve financial commitments/expenditures is subject to all amounts being available in an approved budget [or funding is available from alternative sources].
- (e) Property interests are to be based on appraised value, and no interest shall be granted at less than market value unless otherwise specifically authorized.
- (f) Authority to approve transactions at less than market value is subject to statutory anti-bonusing provisions.
- (g) Total compensation means the aggregate of all types of payments, including land value, estimated clean-up costs, potential arbitration awards, loss claims, etc, but exclusive of any applicable taxes and registration costs.
- (h) Authority to acquire property is conditional upon provision being made to bring the property into compliance with applicable MOE or other requirements such that it will be fit for its intended municipal purpose.
- (i) Authority to initiate the permanent road closure process in **A.4** is conditional upon confirmation by the GM of Transportation Services that it is feasible to permanently close the highway.
- (j) Disposal authorities in **A.7** are subject to the property having been declared surplus, and the disposal policy complied with.
- (k) Land exchanges, except for those in **A.8**, may be authorized based on the delegated Approving Authority for Disposals in **A.7**.
- (l) Approving Authority with respect to land located in the Designated Waterfront Area is conditional upon the approval of the Director, Waterfront Secretariat.
- (m) Authority to approve an exchange of land in **A.8** is conditional upon confirmation by the Chief Planner and Executive Director, and the GM of Parks, Forestry & Recreation, that the land being exchanged is (i) nearby land of equivalent or larger area, and (ii) of comparable or superior green space utility.
- (n) Approving Authority in **A.9** Leases (City as Landlord) but not Licences (City as Licensor) is limited to periods (including options/renewals) of less than twenty-one (21) years.
- (o) Total compensation in leasing matters where the City is landlord (**A.9**) includes the value of tenant improvements if factored into tenant's rental payments.
- (p) Total compensation in leasing matters where the City is the tenant (**A.10**) includes the value of any tenant improvements to be paid by the City.
- (q) Where options/renewals are included in leases, if the renewal rent is to be determined at a date later than the original approval date, total compensation is to be calculated as though all options are exercised, estimating the renewal rent based on the highest rent payable in the first term of the lease.
- (r) Total compensation in leasing matters where the City is landlord (**A.9**) or tenant (**A.10**) is to be calculated from the date of approval pursuant to this delegation (ie. first allowing for the expiry of any prior approvals, whether by Council or a delegated authority).
- (s) Approving Authority in leasing matters includes authority to approve renewals/extensions within the parameters of the delegated Approving Authority.
- (t) Approving Authority includes authority for amendments within the parameters of the delegated Approving Authority, the cumulative total of which may not exceed the delegated financial limit.
- (u) Where proposed additional amounts in **A.13** exceed 10 per cent of the original decision, even if otherwise in compliance with all other conditions, then approving authority is transferred upwards to the next more senior level of approving authority having the relevant overall financial limit.
- (v) Approving Authority includes authority for all documents necessary to implement the authority, on terms and conditions satisfactory to the Approving Authority, in consultation with the relevant operating Division(s).
- (w) Staff positions referred to in this delegation include successors from time to time.
- (x) Documents are to be in a form satisfactory to the City Solicitor (including indemnity and insurance provisions).
- (y) Delegated signing authorities in **B** are conditional upon the documents having received the City Solicitor's prior "Approval as to Form".
- (z) This delegation does not affect sales, acquisitions and leases over which the Affordable Housing Committee has responsibility.
- (aa) Authority to use land acquired by the City for parking purposes by the Toronto Parking Authority is conditional upon Council enacting a by-law designating such use.
- (bb) All residential leasing documents shall adhere to the *Residential Tenancies Act* and any successor legislation.
- (cc) Despite GC(n), Approving Authority in residential leasing matters is not limited to periods of less than twenty-one (21) years.

Comments:

Toronto Employment & Social Services ("TESS") has been a tenant of the subject property since 1987. At its February 17, 1987 meeting, the former Metropolitan Toronto Council adopted the recommendations of the Parks, Recreation and Property Committee Report No. 2 Clause No.9 authorizing staff to negotiate a lease agreement, for a term of five (5) years, commencing April 1, 1987, with an option to renew for a further two years, with the previous Landlord for the establishment of the Scarborough West Social Service Office.

At its February 25, 1992 meeting, the former Metropolitan Toronto Council adopted the recommendations of The Management Committee Report No. 10 (17) to renew the Lease for a further term of two (2) years commencing April, 1992, with an additional optional term of two years.

At its October 13 & 14, 1993 meeting, the former Metropolitan Toronto Council adopted the recommendations of Management Committee Report No. 39 (9) authorizing staff to renew the lease for an additional term of five years, commencing April 1, 1994, with an option to renew for a further term of two years, and amend the lease by providing for additional space of 371.6 square metres (4,000 square feet) adjacent to the existing premises as of January 1, 1994.

At its July 29, 30, & 31, 1998 meeting, City of Toronto Council adopted the recommendations of Corporate Services Committee Report No. 11 (1) by Delegated Approval Form No. 1999-032 and approved City staff to renew the lease for a further period of three years.

This agreement was subsequently made null and void in August of 1999 and was replaced by a new agreement effectively renewing the Lease for a five year term commencing October 1, 1999 and expiring on September 30, 2004. The lease had been voided in favour of a new agreement in order to reflect a 9,000 square foot expansion of the existing space, authorized under the authority of Delegated Approval Form No. 1999-136.

The City approved exercising the renewal option for a further term of five years commencing October 1, 1999 and expiring September 30, 2004, with option to renew for a further term of five (5) years, under the authority of Delegated Approval Form Tracking No. 2004-037. The City approved renewing the lease agreement for a further term of five (5) years commencing October 1, 2004 and expiring September 30, 2009, with option to renew for a further term of five (5) years less a day, under the authority of Delegated Approval Form Tracking No. 2004-104.

At its March 5, 2012 meeting, City of Toronto Council adopted recommendations of General Management Committee GM11.7 approved the amending and extending the lease agreement for a further term of six (6) years commencing October 1, 2009 and expiring on September 30, 2015.

Real Estate Services staff, in consultation with TESS staff, have negotiated an extension and amendment to the lease with the Landlord for a further term of three (3) years, and five (5) months, commencing October 1, 2015 and expiring on February 28, 2019.

Major Terms and Conditions

Landlord:	1225 Kennedy Holdings Inc.
Tenant:	City of Toronto (Toronto Employment Social Services)
Property:	1225 Kennedy Road, Toronto, Ontario
Leased Area:	Units F & H comprising 28,931 square feet of space
Extension Term:	Three (3) years & five (5) months
Commencement Date:	October 1, 2015
Expiry date:	February 28, 2019
Basic Rent:	\$17.50 per square foot: \$506,292.50 per annum, or \$42,191.04 per month.
Additional Rent:	Estimated at \$6.50 per square foot: \$188,051.50 per annum, or \$15,670.96 per month
Landlord's Work:	<p>The Landlord shall complete at its sole cost, to the satisfaction of the Tenant, acting reasonably, the following work on or before July 1, 2018</p> <ol style="list-style-type: none"> 1. Conventional Built up roofing assembly <ul style="list-style-type: none"> • To completely replace the roof 2. Parking - Paving <ul style="list-style-type: none"> • To re pave the parking lot used by TESS with new asphalt 3. Exterior Sealants / Caulking walls / Soffits <ul style="list-style-type: none"> • To replace all caulking around windows and doors • To saw cut all the mortared joints and install soft joint at all inside corners 4. Pedestrian Paving - Concrete Ramps <ul style="list-style-type: none"> • To replace the ramp on the West elevation of the building as it is found to be in poor condition 5. Pedestrian Paving - Guardrails & Barriers <ul style="list-style-type: none"> • Replace railing for the ramp found on the West elevation 6. Rooftop units <ul style="list-style-type: none"> • To replace the PAC rooftop unit described as Lennox Industries Inc. Forced air furnace with Cooling Model No. GCS16-413-100-8J 7. Transformers <ul style="list-style-type: none"> • To replace Mirus Transformer, Cat No. H2T-OO-600-208-30-S Model: HAR1 found in the electrical room 8. Doors - Metal <ul style="list-style-type: none"> • To wire brush and paint the doors found on the NORTH ELEVATION

Schedule "A" – Site Location Map of 1225 Kennedy Road



Schedule "B" – Aerial View of 1225 Kennedy Road

