

**DELEGATED APPROVAL FORM
CITY MANAGER
DEPUTY CITY MANAGER & CHIEF FINANCIAL OFFICER**

TRACKING NO.: 2017-118

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. City Council 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, as amended by DAF 2013-307 and DAF 2014-087. City Council confirmatory By-Law No. 1234-2013.

Prepared By:	Tatiana Kononova	Division:	Real Estate Services
Date Prepared:	May 5, 2017	Phone No.:	(416) 392-3883

Purpose	To replace the approval contained in the Delegated Approval Form DAF 2016-256 to correct an error in the rental rate for the Lease Extension Agreement from \$29.00 to \$29.50 per square foot. Authority is sought to revise the original Council terms for a 5 year lease of 2340 Dundas Street West (the "Property") and to authorize the City, as tenant, to enter into a 5 year lease with 690981 Ontario Limited, as landlord on the revised terms set out in Appendix "A" and to authorize the City to enter into a lease extension agreement with 690981 Ontario Limited for an additional five (5) year term with a further 5 year option to extend on the terms set out in Appendix "B".
Property	2340 Dundas Street West as shown on the Location map attached hereto as Schedule A, consisting of a portion of the 3 rd floor of the building located on that property, known as Offices #2,3 & 4, as shown on Schedule B.
Actions	<ol style="list-style-type: none"> The revised terms and conditions for the 5 year lease between 690981 Ontario Limited (the "Landlord") and the City (the "Tenant") as set out in Appendix "A" be approved and authority be granted for the City to enter into a lease agreement (the "Lease") on the revised terms and conditions set out in Appendix "A" together with such other terms and conditions as the Chief Corporate Officer deems appropriate and in form acceptable to the City Solicitor. Authority be granted for the City to enter into a lease extension agreement (the "Lease Extension Agreement") with the Landlord on the terms and conditions set out in Appendix "B" together with such other terms and conditions deemed appropriate by the Chief Corporate Officer and in a form acceptable to the City Solicitor. The Chief Corporate Officer or designate shall administer and manage the Lease and the Lease Extension 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 The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.
Financial Impact	<p><u>Lease Agreement</u></p> <p>The total actual expenditure by the City during the period from January 1, 2011 to December 31, 2015 was \$2,047,361.28 (plus HST) or \$ 2,083,394.84 (net of HST).</p> <p><u>Lease Extension Agreement</u></p> <p>The correct rental rate of \$29.50 per square foot will result in gross rent increase of \$29,045.00 or 1.72% for the five (5) year term over the total gross rent costs approved in DAF 2016-256.</p> <p>The total cost to the City for the gross rent of the Lease Extension Agreement will be approximately, \$1,713,655.00 for the five (5) year term (plus HST and applicable realty taxes) or \$1,853,597.88 (net of HST) including estimated realty taxes for the term.</p> <p>Funding is available in the 2016 and 2017 Council Approved Operating Budgets for Toronto Employment Social Services (TESS) for the 2016 and 2017 portions of the lease extension. Future year funding will be included in the respective year's Operating Budget submissions and accommodated within the approved operating targets for TESS.</p> <p>The Deputy City Manager & Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>
Comments	<p>As per City Council Decision GM26.29 of the Government Management Committee adopted by Council on November 30, December 1st, 2nd, 4th and 7th, 2009 the City was authorized to enter into a lease agreement for 5 year term on certain terms and conditions. TESS took possession of the Property for the 5 year period commencing January 1, 2011 and expiring on December 31, 2015 and paid rent and amortized leasehold improvement payments in accordance with the revised terms and conditions set out in Appendix "A". The total expenditure for the 5 year period was less than the amount authorized by Council. The revised terms and conditions set out in Appendix "A" reflect the actual terms and conditions of the City's occupation of the Property during the 5 year period. The revised terms and conditions are not materially inconsistent with the Council's decision and there is no increase in the expenditures approved by Council. The Landlord is willing to enter into a Lease and Lease Extension Agreement with the City on the terms and conditions set out in Appendix "A" and "B".</p> <p>TESS confirms that these premises are required and supports the City entering into the agreements.</p> <p>Real Estate Services staff consider the terms and conditions of Agreement, to be fair and reasonable and at market.</p>
Terms	For Major terms and conditions please see page 4

Property Details	Ward:	14 – Parkdale – High Park
	Assessment Roll No.:	
	Approximate Size:	
	Approximate Area:	9,550 sq.ft (887.224 m ²)
	Other Information:	

A.	Deputy City Manager & Chief Financial Officer has approval authority for:	City Manager has approval authority for:
<p>1. Acquisitions:</p> <p>2. Expropriations:</p> <p>3. Issuance of RFPs/REOIs:</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/Licenser):</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>(a) Approvals, Consents, Notices and Assignments under all Leases/Licences;</p> <p>(b) Releases/Discharges;</p> <p>(c) Surrenders/Abandonments;</p> <p>(d) Enforcements/Terminations;</p> <p>(e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppels/Certificates;</p> <p>(f) Objections/Waivers/Cautions;</p> <p>(g) Notices of Lease and Sublease;</p> <p>(h) Consent to regulatory applications by City, as owner;</p> <p>(i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title;</p> <p>(j) Documentation relating to Land Titles applications;</p> <p>(k) Correcting/Quit Claim Transfer/Deeds.</p>	<p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$5 Million;</p> <p><input type="checkbox"/> (b) Where compensation is less than market value, for periods not exceeding twelve (12) 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 \$5 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input checked="" 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 \$3 Million).</p> <p>Delegated to a less senior position.</p>	<p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$10 Million.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million;</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 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 \$5 Million).</p> <p>Delegated to a less senior position.</p>
<p>B. City Manager and Deputy Manager & Chief Financial Officer each has signing authority on behalf of the City for:</p>		
<p><input checked="" type="checkbox"/> Documents required to implement the delegated approval exercised by him.</p>		

Consultation with Councillor(s)									
Councillor:	Gord Perks				Councillor:				
Contact Name:	Karen Duffy				Contact Name:				
Contacted by:	Phone	E-Mail	Memo	Other	Contacted by:	Phone	E-mail	Memo	Other
Comments:	Consent				Comments:				
Consultation with ABCDs									
Division:	Toronto Employment Social Services				Division:	Financial Planning			
Contact Name:	Darrin Vermeersch				Contact Name:	Ron Budhu			
Comments:	Consent				Comments:	Consent			
Legal Division Contact									
Contact Name:	Kathleen Kennedy								

DAF Tracking No.: 2017 - 118	Date	Signature
Recommended by: Manager: Wayne Duong, Leasing & Site Mgmt	May/12/2017	Sgd \ Wayne Duong
Recommended by: Director of Real Estate Services: Joe Casali	May/24/2017	Sgd.\ Joe Casali
Recommended by: Chief Corporate Officer: Josie Scioli	May/30/2017	Sgd.\ Josie Scioli
Approved by: Deputy City Manager & Chief Financial Officer Roberto Rossini	June/1/2017	Sgd.\ Roberto Rossini

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 licenses (City as Licensor) is limited to periods (including options/renewals) of less than twenty-one (21) years, save and except for residential leasing matters and .
- (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.

APPENDIX "A"
Revised Terms and Conditions for the Lease

Council Decision GM26.29 provided the City the authority to enter into a five (5) year lease at 2340 Dundas for gross rental figure of \$25.00 per square feet with an additional \$18.26 per square foot per annum for amortization of leasehold Improvements and 27 parking spaces. The total expenditures for the original Council authority equaled \$2,075,493.00 comprised of \$1,193,750 for total rental costs and \$881,743 for total amortized Retrofit Costs. The actual total expenditures by the City during this period was \$2,047,361.28.

	Council Authorized under GM26.29	Revised Terms and Conditions
Leased Premises at 2340 Dundas Street West	9,550 square feet	9,550 square feet
Term	5 years	5 years – January 1, 2011 to December 31, 2015
Rent	Gross Rent: \$25 per sq ft per annum (Total \$1,193,750.00)	Basic Rent: \$25 per sq ft per annum Total \$1,193,750.00)
Amortization Cost for Leasehold Improvements	\$18.26 per sq.ft per annum (Total \$881,743.00)	\$9.91 per sq.ft per annum (Total \$473,202.50)
Additional Rent – Proportionate Share of Common Areas	Nil	\$25 per sq. ft for 2,068 sq. ft (being tenant's proportionate share of the Common Areas) (Total \$258,500)
Parking	27 spaces	20 spaces
Municipal Capital Facility and Taxation Exemption	Tenant has right to seek exemption	Tenant will seek exemption for the 2017 year and onwards. Tenant has paid all applicable realty taxes within the 2011-2015 term totalling \$121,908.78
TOTAL TENANT EXPENDITURES	\$2,075,493	\$2,047,361.28

APPENDIX "B"
Major Terms and Conditions for Lease Extension Agreement

Landlord: 690981 Ontario Limited

Tenant: City of Toronto, (Toronto Employment Social Services)

Premises: 9,550 square feet of leased space of the portion of the 3rd floor formerly known as Offices #2, 3 & 4 of the two story offices tower.

Term: Five (5) years commencing on January 1, 2016 and expiring on December 31, 2020.

Rent: \$29.50 per square feet per annum for the Premises and Tenant's Proportionate Share of the Common Area equal to \$29.50 per square feet times 2,068 square feet per annum.

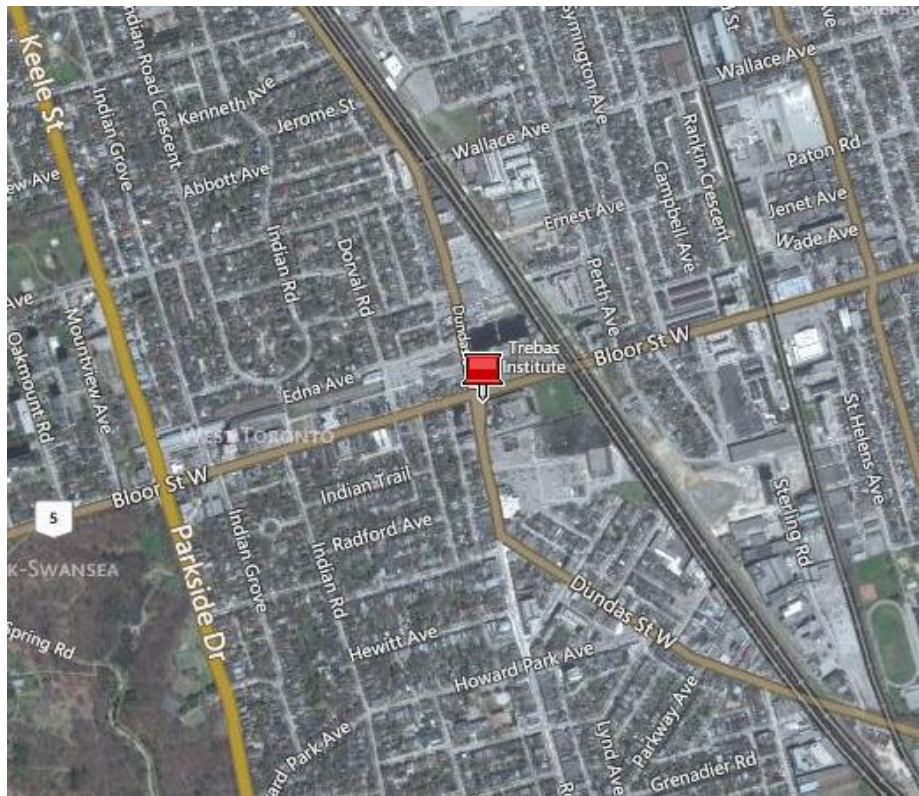
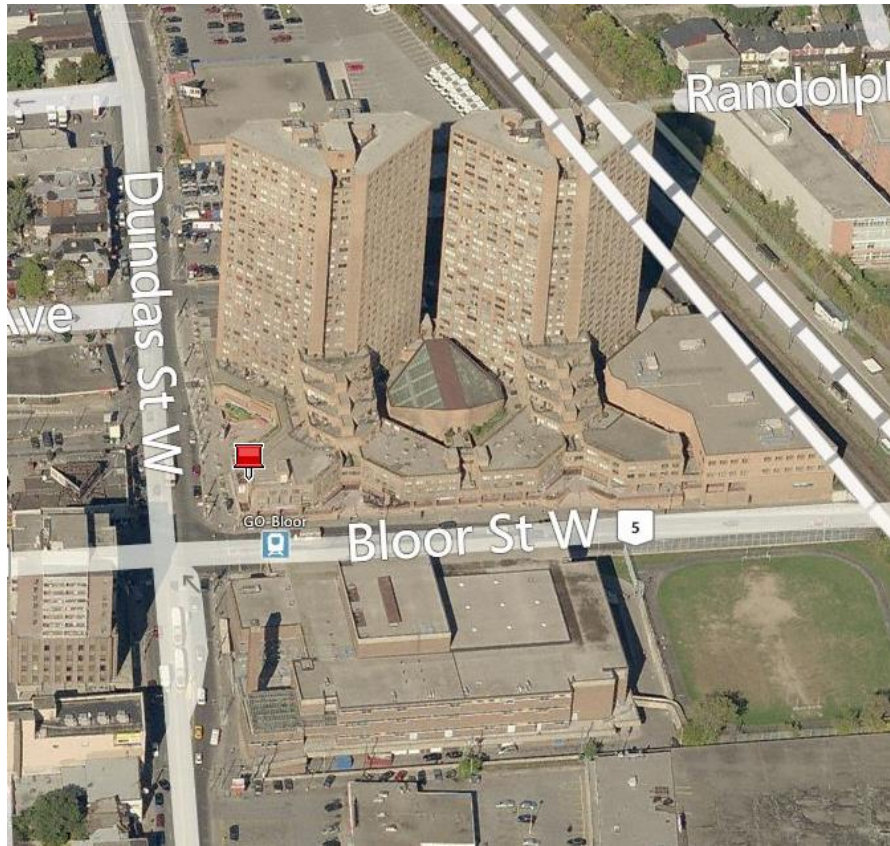
Total Rent Expenditures: \$1,713,655.00 for the 5 year term, being, \$342,731.00 per annum and \$28,560.92 per month (plus HST and realty taxes).

Other Terms and Conditions: Except as otherwise provided in the Lease Extension Agreement, all of the terms and conditions of the Lease shall continue to apply.

Option to Extend: provided the City has given notice to the Landlord, at least twelve (12) months' prior to the expiration of the lease renewal term (by December 31, 2019), the City shall have one (1) further right to extend the Term of the lease for five (5) years commencing January 1, 2021 and expiring on December 31, 2025 on the same terms and conditions, with the rental rate to be determined at that market rate at that time.

Realty Taxes: 2016 Realty Tax was paid in the amount of \$21,576.76. 2017 Interim Realty Tax was paid in the amount of \$12,190.87 (which is 50% of 2016 Final Realty Tax + HST). The City, as tenant, is seeking a municipal capital facilities bylaw exemption. Under the terms of the Lease, the benefit of any tax exemption will be passed on to the tenant, but until taxes are exempt, the tenant is required to pay taxes.

Schedule "A"
Location Map



Schedule "B"

Leased Premises are Cross hatched
Common areas are Dotted

