

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

TRACKING NO.: 2016-219

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:	Simona Rasanu	Division:	Real Estate Services
Date Prepared:	September 15, 2016	Phone No.:	416-397-7682

<b>Purpose</b>	To obtain authority for the City as tenant to enter into a Lease Extension and Amending Agreement with Paradise Lifetime Rogers Inc. as Landlord for the property located on the first and second floors of 605 Rogers Road for use by Toronto Employment & Social Services for a term of five (5) years with an option to extend for an additional five (5) years.
<b>Property</b>	Approximately 10,075 square feet of space on the ground floor, 207 square feet on mezzanine level and 22,698 square feet of space on the second floor in a portion of the building known municipally as 605 Rogers Road (the "Leased Premises"), as illustrated in Appendix "B".
<b>Actions</b>	<ol style="list-style-type: none"> <li>1. Authority be granted for the City to enter into a Lease Extension and Amending Agreement (the "Agreement") with Paradise Lifetime Rogers Inc. (the "Landlord") for an extension term of five (5) years with an option to extend for an additional five (5) years on the terms and conditions set out in Appendix "A", with such other or amended terms and conditions acceptable to the Chief Corporate Officer (the "CCO"), and in a form acceptable to the City Solicitor;</li> <li>2. The CCO or her designate shall administer and manage the Agreement, including the provision of any consents, approvals, waivers, notices and notice of termination provided that the CCO may, at any time, refer consideration of such matters (including their consent) to City Council for its determination and direction; and</li> <li>3. The appropriate City officials be authorized and directed to take the necessary action to give effect thereto.</li> </ol>
<b>Financial Impact</b>	<p>The total estimated rental cost to the City payable to the Landlord for the initial five (5) year renewal term commencing September 1, 2016 and ending August 31, 2021, inclusive of net rent, which is fixed, and additional rent in the form of operating costs, which is estimated, will be approximately \$3,331,249.85, including net HST recovery impact to the City.</p> <p>If the five (5) year renewal option is exercised, the total estimated rental cost to the City payable to the Landlord is approximately \$4,252,499.70, including net HST recovery impact to the City. Therefore the total estimated financial cost to the City over the potential ten (10) years is \$7,583,749.55, including net HST recovery impact to the City.</p> <p>Funding is available in the 2016 Council Approved Operating Budget for Toronto Employment &amp; Social Services (TESS) under cost centre C01205.</p> <p>The Deputy City Manager &amp; Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>
<b>Comments</b>	<p>Toronto Employment &amp; Social Services (TESS) has been a tenant of the 605 Rogers Road property since August 16, 2001. The original lease approved via DAF 2001-018 commenced August 16, 2001 and expired August 14, 2011. The original lease was amended in 2001 via DAF 2011-054, which authorized another five (5) year term commencing August 15, 2011 and expiring August 31, 2016 with a further option for five (5) years.</p> <p>Known as York Humber Employment &amp; Social Services, the Leased Premises is used as a major service office with a large catchment area that ranges from College Street in the south to Lawrence Avenue in the north, and from Ossington Avenue in the east to almost Royal York Road in the west. The ground floor is used to provide direct services to the public while the second floor is used as office space by TESS staff.</p> <p>TESS wishes to remain in the Leased Premises to meet ongoing delivery requirements in the catchment area so the City is exercising its five (5) year option commencing September 1, 2016 and expiring August 31, 2021. TESS has also requested another five (5) year extension option and the Landlord has agreed to provide this.</p>
<b>Terms</b>	Real Estate Services staff consider the terms and conditions of the proposed Agreement, as summarized on page 4 of this DAF, to be fair, reasonable and reflective of market value.

<b>Property Details</b>	<b>Ward:</b>	12 – York South-Weston
	<b>Approximate Area:</b>	3,045 m <sup>2</sup> ± (32,773 ft <sup>2</sup> ±)

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/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 &amp; Parks &amp; 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>(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><b>Delegated to a less senior position.</b></p> <p><b>Delegated to a less senior position.</b></p> <p><b>Delegated to a less senior position.</b></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><b>Delegated to a less senior position.</b></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 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 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><b>Delegated to a less senior position.</b></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><b>Delegated to a less senior position.</b></p> <p><b>Delegated to a less senior position.</b></p> <p><b>Delegated to a less senior position.</b></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><b>Delegated to a less senior position.</b></p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million;</p> <p><b>Delegated to a less senior position.</b></p> <p><input checked="" 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><b>Delegated to a less senior position.</b></p>

**B. City Manager and Deputy Manager & Chief Financial Officer each has signing authority on behalf of the City for:**

Documents required to implement the delegated approval exercised by him.

Consultation with Councillor(s) – September 15, 2016									
Councillor:	Frank Di Giorgio				Councillor:				
Contact Name:	Ivana Padovan				Contact Name:				
Contacted by:		Phone	X	E-Mail		Memo		Other	
Comments:	No objections				Comments:				
Consultation with ABCDs									
Division:	Toronto Employment & Social Services				Division:	Financial Planning			
Contact Name:	Kelly Jin				Contact Name:	Filisha Mohammed			
Comments:	Comments have been incorporated				Comments:	Concurs with Financial Impact			
Legal Division Contact									
Contact Name:	Soo Kim Lee								

DAF Tracking No.: 2016-219	Date	Signature
Recommended by: Manager	Sept/23/2016	Sgd.\ Wayne Duong
Recommended by: Director of Real Estate Services	Sept/26/2016	Sgd.\ Joe Casali
Recommended by: Chief Corporate Officer	Sept/30/2016	Sgd.\ Josie Scioli
<b>Approved by: Deputy City Manager &amp; Chief Financial Officer Roberto Rossini</b>	Oct/3/2016	<b>Sgd.\ Roberto Rossini</b>
<b>Approved by: City Manager Peter Wallace</b>	Oct/12/2016	<b>Sgd.\ Peter Wallace</b>

#### 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": MAIN TERMS & CONDITIONS

**Tenant:** City of Toronto

**Landlord:** Paradise Lifetime Rogers Inc. is the landlord effective September 10, 2015. The original landlord was Generx Black Creek Developments Inc. and Rose Black Creek Ltd., which assigned the original lease agreement to Medi Power Canada Inc. in 2008. Medi Power Canada Inc. sold the property to the current landlord in September 2015.

**Leased Premises:** Approximately 10,075 square feet of space on the ground floor, 207 square feet on mezzanine level and 22,698 square feet of space on the second floor in a portion of the building known municipally as 605 Rogers Road. The City is not required to pay any rent for the mezzanine level space.

**Extension Term:** five (5) years commencing September 1, 2016 until August 31, 2021

**Further Option to Extend:** The City has a right to extend for a further period of five (5) years upon delivery of written notice to the Landlord, which must be received not less than 6 months before the expiry of the Extension Term. The option to extend shall be on the same terms and conditions as the original lease agreement dated August 16, 2001 (the "Lease") and the new basic rent shall be subject to negotiation between the City and the Landlord at that time.

### Financial Implications:

Basic (net) rent schedule (all figures are exclusive of HST):

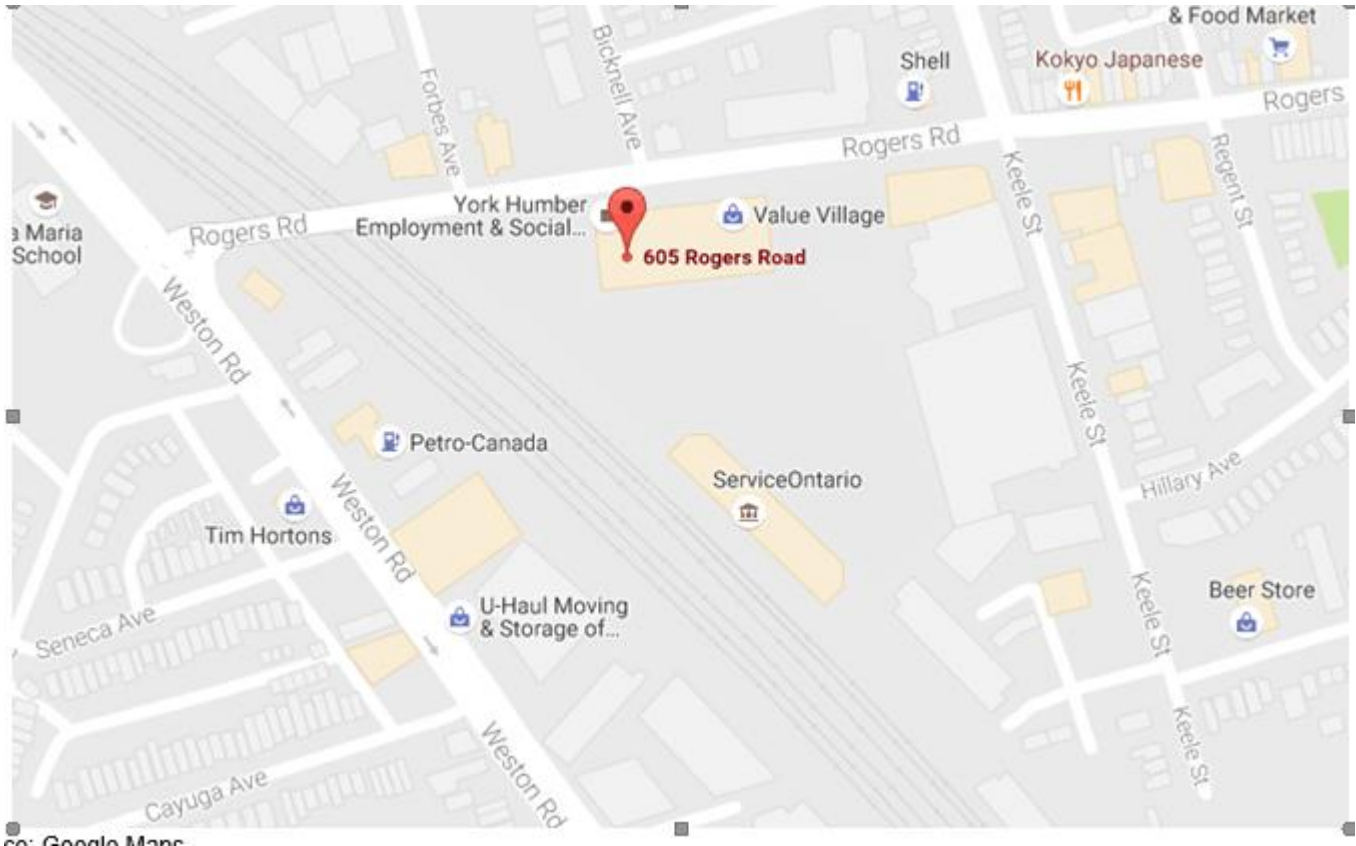
<b>Basic rent (Cost per square foot)</b>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Ground floor</b>	\$12.85	\$12.85	\$12.85	\$13.75	\$13.75
<b>2nd floor</b>	\$8.50	\$8.50	\$8.50	\$9.50	\$9.50
<b>Annual Basic Rent:</b>					
Years 1-3			\$322,396.75		
Years 4-5			<u>\$354,162.25</u>		
Total Basic Rent over 5 year term:			\$676,559.00		

**Additional Rent:** The City shall continue to pay its proportionate share of operating expenses, pursuant to Section 3(2) of the Lease, which is presently \$303,805.71 annually.

**Realty Taxes:** The City will not be required to pay realty taxes insofar as the Municipal Capital Facility Agreement ("MCFA") dated September 1, 2012 remains in effect. The MCFA was assigned to and assumed by Paradise Lifetime Rogers Inc. by agreement made as of September 10, 2015.

**Tenant Inducement:** three (3) months of free basic (net) rent from September 1, 2016 until November 30, 2016.

APPENDIX "B": LOCATION AND SITE MAP



Source: Google Maps