

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

TRACKING NO.: 2016-256

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:	Daran Somas	Division:	Real Estate Services
Date Prepared:	November 8, 2016	Phone No.:	(416) 397-7671

**Purpose** 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<sup>rd</sup> floor of the building located on that property, known as Offices #2,3 & 4, as shown on Schedule B.

- Actions**
1. 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.
  2. 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.
  3. 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
  4. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

**Financial Impact** The total cost to the City for the gross rent of the Lease Extension Agreement will be approximately, \$1,684,610.00 for the five (5) year term or \$1,824,208.17 (net of HST) including the 2016 realty tax charge. The cost to the City decreases by \$259,186.68 or 12% when compared to the original five (5) year term lease because the original term included amortized leasehold improvement costs, which have since been paid. Funding is available in the 2016 Council Approved Operating Budget for Toronto Employment Social Services (TESS) for the 2016 portion of the lease extension of \$364,841.63 (net of HST). Future year funding will be included in the respective year's Operating Budget submissions and accommodated within the approved operating targets for TESS.

The total cost to the City for the gross rent and amortized leasehold improvements for the Lease under the revised terms and conditions are less than the total expenditure authorized by Council for the Lease. The main reason being that actual construction costs were significantly less than the estimates provided within the original Council authority.

The Deputy City Manager & Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.

**Comments** As per City Council Decision GM26.29 of the Government Management Committee adopted by Council on November 30, December 1<sup>st</sup>, 2<sup>nd</sup>, 4<sup>th</sup> and 7<sup>th</sup>, 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".

TESS confirms that these premises are required and supports the City entering into the agreements.

**Terms** Real Estate Services staff consider the terms and conditions of Agreement, to be fair and reasonable and at market. For Major terms and conditions please see page 4

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

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 &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>l 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 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><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 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>
<p><b>B. City Manager and Deputy Manager &amp; Chief Financial Officer each has signing authority on behalf of the City for:</b></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:	Filisha Mohammed			
Comments:	Consent				Comments:	Consent			
Legal Division Contact									
Contact Name:	Jason Aurini (Kathleen Kennedy)								

DAF Tracking No.: 2016 - 256	Date	Signature
Recommended by: Manager: Wayne Duong, Leasing & Site Mgmt	Nov/8/2016	Sgd.\ Wayne Duong
Recommended by: Director of Real Estate Services: Joe Casali	Nov/16/2016	Sgd.\ Joe Casali
Recommended by: Chief Corporate Officer: Josie Scioli	Nov/23/2016	Sgd.\ Josie Scioli
Approved by: Deputy City Manager & Chief Financial Officer Roberto Rossini	Dec/1/2016	Sgd.\ Roberto Rossini
Approved by: City Manager Peter Wallace		X

**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 \$2,047,361.30.

	<b>Council Authorized under GM26.29</b>	<b>Revised Terms and Conditions</b>
<b>Leased Premises at 2340 Dundas Street West</b>	9,550 square feet	9,550 square feet
<b>Term</b>	5 years	5 years – January 1, 2011 to December 31, 2015
<b>Rent</b>	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)
<b>Amortization Cost for Leasehold Improvements</b>	\$18.26 per sq.ft per annum (Total \$881.743.00)	\$9.91 per sq.ft per annum (Total \$473,202.50)
<b>Additional Rent – Proportionate Share of Common Areas</b>	Nil	\$25 per sq. ft for 2,068 sq. ft (being tenant's proportionate share of the Common Areas) (Total \$258,500)
<b>Parking</b>	27 spaces	<b>20 spaces</b>
<b>Municipal Capital Facility and Taxation Exemption</b>	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 \$121,908.80
<b>TOTAL TENANT EXPENDITURES</b>	<b>\$2,075,493</b>	<b>\$2,047,361.30</b>

**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 3<sup>rd</sup> 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:** \$29.00 per square feet per annum for the Premises and Tenant's Proportionate Share of the Common Area equal to \$29 per square feet times 2,068 square feet per annum.

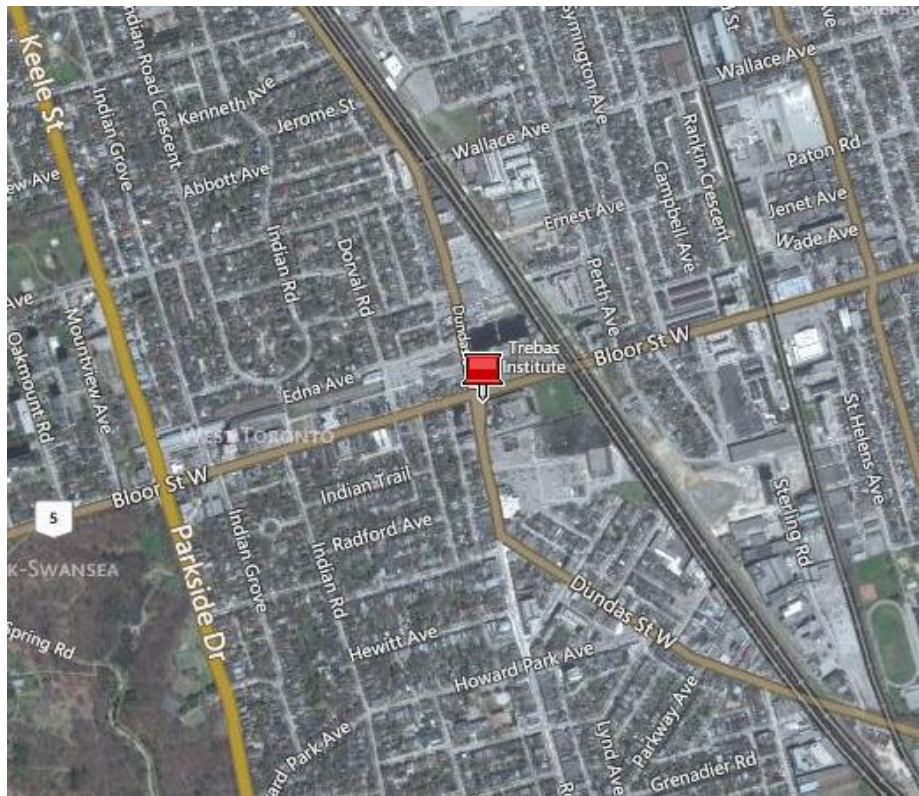
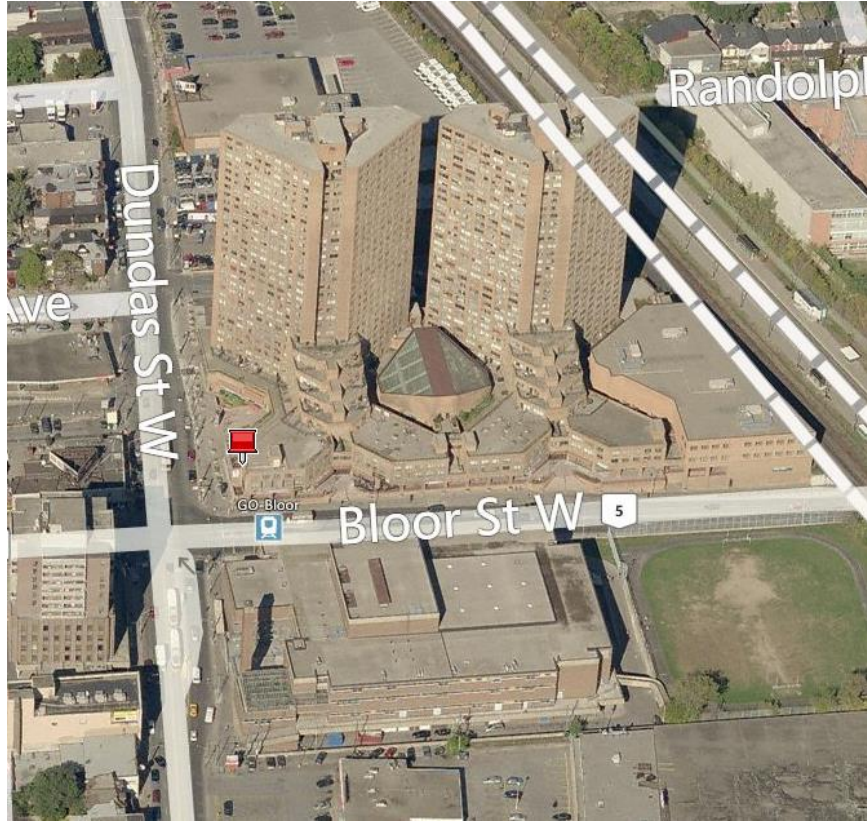
**Total Rent Expenditures:** \$1,684,610.00 for the 5 year term, being, \$336,922.00 per annum and \$28,076.83 per month. (Or \$1,706,186.75 plus HST including 2016 realty taxes)

**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:** The City will pay its proportionate share of taxes until the tax exemption by-law exempts the tax payments. 2016 Realty taxes are \$21,576.75 plus and have been paid.

Schedule "A"  
Location Map





**Schedule "B"**

Leased Premises are Cross hatched  
Common areas are Dotted



