

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

TRACKING NO.: 2017-157

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 on 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) and further amended by GM16.16 entitled "Transit Shelter Property Acquisitions" adopted by City Council on December 13, 14 and 15, 2016 (Confirmatory By-Law No. 1290-2016, enacted on December 15, 2016).

Prepared By:	Daran Somas	Division:	Real Estate Services
Date Prepared:	June 5, 2017	Phone No.:	(416) 397-7671

Purpose	To obtain authority for the City to enter into a lease extension and amending agreement (the "Agreement") with Lesmill North Investments Inc. (the "Landlord") for the continued use of the premises at 20 Lesmill Road for the use of an Employment Centre by Toronto Employment Social Services
Property	20 Lesmill Road, Toronto, Ontario, as more specifically shown on Schedule "A" attached hereto
Actions	<ol style="list-style-type: none"> 1. Authority be granted to enter into the lease extension and amending agreement (the "Agreement") with Lesmill North Investments Inc. (the "Landlord"), subject to the terms and conditions outlined below, and any other terms deemed appropriate by the Chief Corporate Officer and in a form acceptable to the City Solicitor. 2. The Chief Corporate Officer or designate administer and manage the Agreement include the provision of any consent's 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 cost to the City including basic net rent and estimated operating costs for the term of this extension will be approximately \$3,911,797.45 (plus HST) or \$3,980,645.09 (net of HST recoveries). Funding is available in the 2017 Council Approved Operating Budget for Toronto Employment Social Services (TESS) and will be accommodated for in future year Operating Budget submissions within the approved operating targets for Council consideration.</p> <p>The Deputy City Manager & Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>
Comments	<p>TESS has been providing services at the subject location, known as the North York east District Office, to the public since 1967 based on the following authorities:</p> <ul style="list-style-type: none"> • Management Committee Report #39(5), as adopted by Metro Council on October 13 & 14, 1993 authorized the original lease of the premises from the Landlord, for a five year term commencing from February 1, 1994 and expiring January 31, 2001 • Corporate Services Committee Report #11(1) as adopted by City Council on July 29, 30, 31, 1998 authorized a five year renewal for the lease commencing on February 1, 2001 and expiring on January 31, 2006 • Administrated Committee Report #6 (30) as adopted by City Council on September 25,26 & 27, 2006 authorized new five year (5) lease commencing February 1, 2006 and expiring on January 31, 2011 • Pursuant to DAF 2011-059, authorized the lease extension and amending agreement of the lease for another five (5) year term from February 1, 2011 to January 31, 2016. <p>The Property was transferred from Morguard Realty Holdings Inc. to Lesmill North Investments Inc. on May 15, 2015</p> <p>Toronto Employment Social Services confirms that these premises are requirement and supports the City entering into the Agreement.</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:	34 – Don Valley East
	Assessment Roll No.:	
	Approximate Size:	
	Approximate Area:	27,577 sq.ft
	Other Information:	

A.	Deputy City Manager & Chief Financial Officer has approval authority for:	City Manager has approval authority for:
1. Acquisitions:	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
2. Expropriations:	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million.	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$10 Million.
3. Issuance of RFPs/REOIs:	Delegated to a less senior position.	Delegated to a less senior position.
4. Permanent Highway Closures:	Delegated to a less senior position.	Delegated to a less senior position.
5. Transfer of Operational Management to ABCDs:	Delegated to a less senior position.	Delegated to a less senior position.
6. Limiting Distance Agreements:	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
7. Disposals (including Leases of 21 years or more):	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan: N/A	Delegated to a less senior position.	Delegated to a less senior position.
9. Leases/Licences (City as Landlord/Licensor):	<input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$5 Million;	<input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million;
	<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.	Delegated to a less senior position.
10. Leases/Licences (City as Tenant/Licensee):	<input checked="" type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million.
11. Easements (City as Grantor):	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
12. Easements (City as Grantee):	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
13. Revisions to Council Decisions in Real Estate Matters:	<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).	<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).
14. Miscellaneous:	Delegated to a less senior position.	Delegated to a less senior position.
(a) Approvals, Consents, Notices and Assignments under all Leases/Licences;		
(b) Releases/Discharges;		
(c) Surrenders/Abandonments;		
(d) Enforcements/Terminations;		
(e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppels/Certificates;		
(f) Objections/Waivers/Cautions;		
(g) Notices of Lease and Sublease;		
(h) Consent to regulatory applications by City, as owner;		
(i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title;		
(j) Documentation relating to Land Titles applications;		
(k) Correcting/Quit Claim Transfer/Deeds.		

B. City Manager and Deputy Manager & Chief Financial Officer each has signing authority on behalf of the City for:
<input checked="" type="checkbox"/> Documents required to implement the delegated approval exercised by him or her.

Consultation with Councillor(s)										
Councillor:	Denzil Minnan-Wong					Councillor:				
Contact Name:	Anna Milner					Contact Name:				
Contacted by:	X	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:	Jeff Parkovnick					Contact Name:	Filisha Jenkins			
Comments:	Consent					Comments:	Consent			
Legal Division Contact										
Contact Name:	Kathleen Ann Kennedy									

DAF Tracking No.: 2017 - 157	Date	Signature
Recommended by: Manager, Wayne Duong	June/19/2017	Sgd.\ Wayne Duong
Recommended by: Director of Real Estate Services	June/21/2017	Sgd.\ Joe Casali
Recommended by: Chief Corporate Officer	June/26/2017	Sgd.\ Josie Scioli
Approved by: Deputy City Manager & Chief Financial Officer Roberto Rossini	June/29/2017	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 being available from third party sources, except for "Strategic Property Acquisitions" as set out in EX44.22 adopted by Council August 25, 26, 27 and 28, 2014, which identifies alternative funding mechanisms subject to additional approval requirements.
- (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, except for property acquisitions of 50M² or less for transit shelter purposes.
- (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 leasing matters (**A.9 and A.10**) 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.

Major Terms and Conditions

Landlord: Lesmill North Investments Inc.

Tenant: City of Toronto

Premises: The existing, freestanding single-storey building of 27,577 square feet of rentable area and surround 138 designated surface parking spots which is known municipally as 20 Lesmill road and shown on Schedule A

Commencement Date: February 1, 2016

Term: Five (5) years commencing on February 1, 2016 and expiring January 31, 2021

Basic Net Rent Year 1 to 5 – based on \$13.75 per square foot per annum, \$379,183.75 per annum payable in equal monthly installments of \$31,598.65 on the 1st day of each month during the term of the extension

Additional Rent: The tenant, shall continue to pay for its Operating Expenses estimated to be \$14.62 per square foot per annum, plus HST, \$403,175.74 per annum payable in monthly installments of \$33,597.98

Schedule A
Location Map

