

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

TRACKING NO.: 2017-086

- 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).
- 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:	Van Hua	Division:	Real Estate Services
Date Prepared:	March 28, 2017	Phone No.:	416 338 9572

Purpose	To obtain authority to enter into a Lease Extension Agreement (the "Agreement") between The City of Toronto (the "Tenant") and The Independent Order of Foresters (the "Landlord") for the continued use of office space on the 9 th floor of 789 Don Mills Road (the "Property").
Property	789 Don Mills Road, (9 th Floor), Toronto Ontario, M3C 1T9 (See Appendix "B")
Actions	<ol style="list-style-type: none"> 1. Authority be granted to enter into a Lease Extension Agreement subject to the terms and conditions outlined in Appendix "A" of this form and on such other terms and conditions as may be satisfactory 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 Agreement including the provision of any consents, approvals, amendments, 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 of Toronto, for the three (3) year term, will be approximately \$1,168,212.43 (net of HST recoveries), or \$1,148,007.50 (plus HST) of which \$405,675.00 (plus HST) relates to basic rent and \$722,552.13 (plus HST) for additional rent and \$89,100.00 (plus HST) for parking. The tenant will receive 1 month free rent (value of \$11,268.75) and Tenant Improvement Allowance (approximately \$58,050.88). If the option to renew is exercised, the total cost over six (6) years is approximately \$2,406,964.52 (net of HST recoveries). Funding is included in the 2017 Operating Budget for Toronto Employment and Social Services ("TESS") and will be included in future Operating Budget submissions.</p> <p>The Deputy City Manager & Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>
Comments	Under the authority of Corporate Services Committee Report 11(1), dated July 29, 30, & 31, 1998, the City of Toronto entered into the initial lease, dated October 1, 2003 for a term of five (5) years with an option to extend for four (4) more years. A further Lease Extension Agreement, dated November 1, 2008 was entered into for a term of four (4) years. A further Lease Extension Agreement, dated November 1, 2012 was entered into for a term of five (5) years with an option to extend. At the request of TESS, Real Estate Services have negotiated a three (3) year extension with a further option to extend for an additional term of three (3) years. TESS to utilize the space as a call centre and for general administrative purposes.
Terms	Major terms and conditions of the Agreement are set out in Appendix "A" of this form.

Property Details	Ward:	26 – Don Valley West
	Assessment Roll No.:	1908-10-1-230-00100
	Approximate Size:	
	Approximate Area:	1,396 m ² (15,025 ft ²)
	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 or her.

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:	Jon Burnside					Councillor:				
Contact Name:	Councillor Burnside					Contact Name:				
Contacted by:	Phone	X	E-Mail	Memo	Other	Contacted by:	Phone	E-mail	Memo	Other
Comments:	No objections.					Comments:				
Consultation with ABCDs										
Division:	Toronto Employment and Social Services					Division:	Financial Planning			
Contact Name:	Ilir Shijaku, Jeff Parkovnick					Contact Name:	Filisha Jenkins			
Comments:	Approved.					Comments:	Approved.			
Legal Division Contact										
Contact Name:	Dina Marcutti									
DAF Tracking No.: 2017-086				Date		Signature				
Recommended by: Manager, Wayne Duong				May/17/2017		Sgd.\ Wayne Duong				
<input checked="" type="checkbox"/>	Recommended by: Director of Real Estate Services Joe Casali			May/24/2017		Sgd.\ Joe Casali				
<input type="checkbox"/>	Approved by:									
<input checked="" type="checkbox"/>	Approved by: Chief Corporate Officer Josie Scioli			May/29/2017		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 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-bonus 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 **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.

Appendix "A"
Major Terms and Conditions

Landlord: The Independent Order of Foresters

Tenant: City of Toronto

Property: 789 Don Mills Road (9th Floor), Toronto ON

Area: 15,025 square feet

Renewal Term: Three (3) years, commencing on November 1, 2017 and expiring October 31, 2020.

Further Option to Extend: One further option to extend for three (3) years upon 9 months written notice to the Landlord.

Basic Rent: Years 1-3, \$9.00 per square foot.

Basic Rent Free Period:

Provided the Tenant is the City of Toronto, is not and has not been in default under the Lease and is in physical occupancy of the whole Premises, the Tenant's obligation to pay Basic Rent will be suspended during month one (1) of the Extension Term (being November 1, 2017 to November 30, 2017) (the "Basic Rent Free-Period"). All other amounts due as Additional Rent shall remain payable throughout the Basic Rent-Free Period.

Additional Rent: Estimated to be \$15.39 per square foot.

Parking: Total of 60 parking spots. 15 Garage spots and 45 Surface spots. Garage parking spots are \$60 each per month and Surface parking spots are \$35 each per month. Total 3 year cost for parking is \$89,100.00 plus HST.

Realty Taxes: The City of Toronto and the Landlord have entered into a Municipal Capital Facilities Agreement which exempts the demised area from realty taxes.

Financial Summary:

The total cost to the City of Toronto, for the three (3) year term, will be approximately \$1,168,212.43 (net of HST recoveries), or \$1,148,007.50 (plus HST) of which \$405,675.00 (plus HST) relates to basic rent and \$722,552.13 (plus HST) for additional rent and \$89,100.00 (plus HST) for parking. The tenant will receive 1 month free rent (value of \$11,268.75) and Tenant Improvement Allowance (approximately \$58,050.88). If the option to renew is exercised, the total cost over six (6) years is approximately \$2,406,964.52 (net of HST recoveries).

Landlord's Work:

Only those items enumerated below as Landlord's Work will be provided and installed by the Landlord in the Premises at its expense in accordance with the Landlord's choice of materials. All other work required for the Premises will be provided and installed by the Tenant at its expense.

- a) conduct an air quality test of the Tenant's Premises;
- b) duct cleaning throughout the Premises; and
- c) air balance and calibration on the existing valve and induction units.

Tenant Improvement Allowance:

Provided the Tenant is the City of Toronto, is not and has not been in default of the terms under the Lease and is in physical occupancy of and conducting business from the whole Premises, the Landlord will pay to the Tenant, a leasehold allowance in an amount equal to the approved construction invoices, but not exceeding Five Dollars (\$5.00) per square foot of the Rentable Area of the Premises plus harmonized sales taxes (the "Allowance") towards the cost of the Tenant's leasehold improvements including window roller-shade blinds. Payment of the Allowance will be made on the latter of the following:

- i. execution of the Lease Amending Agreement;
- ii. the Extension Term Commencement Date;
- iii. the Tenant is in possession of, and conducting business from the Premises;

- iv. receipt by the Landlord from the Tenant of construction invoices for the Tenant's leasehold improvements, along with a statutory declaration indicating that all invoices have been paid in full and that there are no outstanding liens; and
- v. evidence the building permit has been closed, if required.

If the Tenant is in default after receipt of the Allowance beyond any applicable cure period, then in addition to any other rights and remedies the Landlord may have under the Lease or at law, the Tenant shall forthwith repay the Allowance to the Landlord, as Additional Rent.

Notwithstanding anything to the contrary contained herein, the Tenant must request payment of the Allowance from the Landlord and provide the required evidenced invoices and declaration as noted above by no later than twelve (12) months after the Lease Amending Agreement is executed by the Landlord and Tenant, and if such request and/or required evidenced invoices and declaration are not received by such date, the Landlord will not be required to pay the Tenant the Allowance. Up to one dollar (\$1.00) per square foot of Rentable Area of the Allowance may be applied to Basic Rent as it falls due after the Extension Term Commencement Date upon written request by the Tenant to the Landlord.

Appendix "B"

Property: 789 Don Mills Road, Toronto, ON M3C 1T9

