

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

TRACKING NO.: 2015-264

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 (City Council confirmatory By-Law No. 1234-2013 enacted October 11, 2013), as amended by DAF 2013-307 and DAF 2014-087.

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:	Joanna Swietlik	Division:	Real Estate Services
Date Prepared:	October 2, 2015	Phone No.:	397-7481

Purpose	To obtain authority for the City of Toronto (the "Tenant") to enter into a lease agreement (the "Lease") with Oxford Properties Group Inc. and Canadian DC Facilities Holdings Inc. (collectively, the "Landlord") for a gross leasable area of approximately 32,745 square feet of office space at 315 Front Street West, Toronto, to be utilized as swing space for the Office Modernization Program (OMP) Pilot Project, Metro Hall 2 nd Floor.
Property	315 Front Street West, Toronto (the "Property") as shown on the location map attached as Appendix "B". The premises to be leased to the Tenant are Suite 300, being the whole of the third floor (the "Leased Premises").
Actions	<ol style="list-style-type: none"> 1. authority be granted for the Tenant to enter into the Lease with the Landlord for an initial term of six (6) months, with two options to extend the term for one (1) month each, for the Leased Premises, substantially on the terms and conditions outlined in Appendix "A", and on any other or amended terms and conditions deemed appropriate by the Chief Corporate Officer, and in a form acceptable to the City Solicitor; 2. the Chief Corporate Officer, or her successor or designate, shall administer and manage the Lease including the provision of any consents, certificates, approvals, waivers, notices and notices of termination, provided that the Chief Corporate Officer may, at any time, refer consideration of such matters to City Council for its determination and direction; 3. the appropriate City Officials are authorized and directed to take the necessary action to give effect thereto.
Financial Impact	<p>The total cost to the City is approximately \$565,179 plus Harmonized Sales Tax ("HST") for a term of 6 months, commencing March 1, 2016 and expiring on August 31, 2016, based on \$15 per square foot Annual Rent plus the Landlord's estimate of \$19.52 per square foot for operating costs, taxes and electricity costs. Should the City exercise the two extension options of one month each, the total cost would be approximately \$753,572 plus HST.</p> <p>Funding is available in the 2015 Council Approved Capital Budget for Facilities Management, Real Estate, & Environment and Energy (FREEE) with 2015 cash flow funding provided from the Capital Financing Reserve (XR0011) (FM&RE).</p> <p>The Deputy City Manager & Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>
Comments	<p>On July 7, 2015 City Council adopted the report titled "<i>Office Modernization Program – Pilot Projects</i>" approving funding to undertake three (3) OMP Pilot Projects, including Metro Hall 2nd floor. The OMP program is a key initiative for optimizing the City of Toronto's real estate portfolio in order to reduce costs and update office standards. To implement the pilot project on the 2nd floor of Metro Hall the City requires swing space for the duration of the construction, which is projected to be six (6) months.</p> <p>Real Estate and Facilities Management staff explored various swing space solutions, including other City-owned office spaces, teleworking and shared seating arrangements. No City-owned property was available to accommodate 234 staff. As such, it was determined that leasing swing space at the Property would be the most effective solution.</p> <p>Real Estate Staff consider the terms and conditions of the Lease to be fair and reasonable.</p>
Terms	Please see Appendix "A" on page 4.

Property Details	Ward:	Ward 20 – Trinity-Spadina
	Assessment Roll No.:	
	Approximate Size:	
	Approximate Area:	32,745 square feet of gross leasable area of the Leased Premises
	Other Information:	

A.	Director of Real Estate Services has approval authority for:	Chief Corporate Officer has approval authority for:
1. Acquisitions:	<input type="checkbox"/> Where total compensation does not exceed \$1 Million.	<input type="checkbox"/> Where total compensation does not exceed \$3 Million.
2. Expropriations:	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$1 Million.	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$3 Million.
3. Issuance of RFPs/REOs:	Delegated to a more senior position.	<input type="checkbox"/> Issuance of RFPs/REOs.
4. Permanent Highway Closures:	Delegated to a more senior position.	<input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.
5. Transfer of Operational Management to ABCDs:	Delegated to a more senior position.	<input type="checkbox"/> Transfer of Operational Management to ABCDs.
6. Limiting Distance Agreements:	<input type="checkbox"/> Where total compensation does not exceed \$1 Million.	<input type="checkbox"/> Where total compensation does not exceed \$3 Million.
7. Disposals (including Leases of 21 years or more):	<input type="checkbox"/> Where total compensation does not exceed \$1 Million.	<input type="checkbox"/> Where total compensation does not exceed \$3 Million.
8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan:	Delegated to a more senior position.	<input type="checkbox"/> Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.
9. Leases/Licences (City as Landlord/Licenser):	<input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$1 Million; <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.	<input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$3 Million; <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.
10. Leases/Licences (City as Tenant/Licensee):	<input checked="" type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$1 Million.	<input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$3 Million.
11. Easements (City as Grantor):	<input type="checkbox"/> (a) Where total compensation does not exceed \$1 Million. <input type="checkbox"/> (b) When closing road, easements to pre-existing utilities for nominal consideration.	<input type="checkbox"/> Where total compensation does not exceed \$3 Million. Delegated to a less senior position.
12. Easements (City as Grantee):	<input type="checkbox"/> Where total compensation does not exceed \$1 Million.	<input type="checkbox"/> Where total compensation does not exceed \$3 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 \$500,000).	<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).
14. Miscellaneous:	<input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences; <input type="checkbox"/> (b) Releases/Discharges; <input type="checkbox"/> (c) Surrenders/Abandonments; <input type="checkbox"/> (d) Enforcements/Terminations; <input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppels/Certificates; <input type="checkbox"/> (f) Objections/Waivers/Cautions; <input type="checkbox"/> (g) Notices of Lease and Sublease; <input type="checkbox"/> (h) Consent to regulatory applications by City, as owner; <input type="checkbox"/> (i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title; <input type="checkbox"/> (j) Documentation relating to Land Titles applications; <input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds.	<input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences; <input type="checkbox"/> (b) Releases/Discharges; <input type="checkbox"/> (c) Surrenders/Abandonments; <input type="checkbox"/> (d) Enforcements/Terminations; <input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppels/Certificates; <input type="checkbox"/> (f) Objections/Waivers/Cautions; <input type="checkbox"/> (g) Notices of Lease and Sublease; <input type="checkbox"/> (h) Consent to regulatory applications by City, as owner; <input type="checkbox"/> (i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title; <input type="checkbox"/> (j) Documentation relating to Land Titles applications; <input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds.

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.

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:					Councillor:				
Contact Name:					Contact Name:				
Contacted by:		Phone	X	E-Mail	Memo		Other		
Contacted by:		Phone		E-mail	Memo		Other		
Comments:					Comments:				
Consultation with ABCDs									
Division:					Division: Financial Planning				
Contact Name:					Contact Name: Filisha Mohammed				
Comments:					Comments: Concurs				
Legal Division Contact									
Contact Name:		Jack Payne							
DAF Tracking No.: 2015-264				Date			Signature		
Recommended by: Manager				Oct 3, 2015			Sgd./ Wayne Duong		
<input type="checkbox"/> Recommended by: Director of Real Estate Services Joe Casali				Oct 5, 2015			Sgd./ Joe Casali		
<input checked="" type="checkbox"/> Approved by:									
<input type="checkbox"/> Approved by: Chief Corporate Officer 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 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 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 – 315 FRONT STREET WEST****Leased**

Premises: 315 Front Street West, Suite 300, being the whole of the third floor, having a gross leasable area of approximately 32,745 square feet.

Use: The Tenant shall use the Leased Premises as a business office for general office purposes. Operation of any business or governmental or quasi-governmental office that creates a high volume of pedestrian traffic, is prohibited, in the Landlord's sole opinion.

Term: The term of the lease (the "Term") shall be six (6) months, commencing March 1, 2016. The Tenant shall be entitled to rent-free possession of the Leased Premises from February 1, 2016 until the commencement of the Term.

Option to

Extend: So long as (i) the Tenant has executed and delivered the Lease; (ii) the Tenant has paid all Rent when due and observed all terms, covenants and conditions of the Lease; (iii) the City is in possession and occupancy of the Leased Premises; and (iv) the Lease has not been assigned or sublet and there has not been a change in control, the Tenant shall have the option to extend the Term for two (2) additional terms of one (1) month each upon written notice. The extension shall be on the Landlord's form of lease amending agreement and Annual Rent shall be at the same rate as the initial Term.

Rent: Annual Rent of \$15 per square foot of gross leasable area of the Leased Premises, plus the Tenant's share of operating costs, taxes and electricity costs estimated for 2016 at \$19.52 per square foot of gross leasable area of the Leased Premises, the equivalent of \$94,196.45 per month. Operating costs and taxes include all costs, charges and expenses, without duplication, attributable to the operation, repair, maintenance and management of the building, including capital taxes, if any, large corporation tax and realty taxes as reasonably allocated by the Landlord and all as defined in the Landlord's standard form of lease. The Landlord's form of Lease allows, among other things, operating costs to be calculated as if the building is fully occupied, major repairs and replacements to be charged in accordance with GAAP, and includes a management fee. The Lease provides for a 15% administration fee on electricity costs.

**Condition of
Leased**

Premises: The Tenant shall accept the Leased Premises in their "then as is" condition. The Tenant shall accept the furniture left in the Leased Premises by the previous tenant.

Restoration: Upon expiry or termination of the Lease, the Tenant shall at its sole cost and expense remove from the Property all its trade fixtures, furniture and personal property (including the furniture of the previous tenant), and repair any damage to the building and Leased Premises caused by their installation and removal. Any Tenant property remaining in the Leased Premises shall at the Landlord's option become the Landlord's property, and may be sold, destroyed or disposed of, and the Tenant shall pay the Landlord's reasonable costs in connection therewith plus a 15% administration fee.

Indemnity: The Tenant shall indemnify and save the Owner harmless from and against all costs, expenses, claims, and demands brought against the Owner in respect of loss, damage or injury to persons or property, arising directly out of the carrying out of the Work on the Property by the Tenant during the Term, except to the extent caused and/or contributed to by the negligence or wilful misconduct of the Owner. The Landlord's form of Lease includes a broad indemnity and release of liability by the Tenant in favour of the Landlord.

Relocation: Landlord shall have the right, at any time prior to the commencement or during the Term or any extension, to relocate Tenant to other premises within the building of approximately the same area, configuration and quality of leasehold improvements as the Leased Premises, at Landlord's expense, fully ready for occupancy and which shall include all furniture.

Overholding: If with Landlord's written consent, Tenant shall occupy the Premises after expiry of the Term as a month-to-month tenant at a monthly rental equal to twice the Annual Rent and additional rent payable during the Term or such other rental as may be stated in the consent. If without Landlord's consent, Tenant shall be deemed a tenant at sufferance terminable without notice and until such termination at a monthly rental equal to 150% of the Annual Rent and additional rent payable during the Term.

Lease: The Lease is to be on the Landlord's standard form attached to the lease proposal, prepared to reflect the terms of the lease proposal and such other non-financial changes requested by the Tenant and agreed to by the Landlord, both parties acting reasonably and in good faith. The Tenant has no right to occupy the Leased Premises until the Lease is fully executed.

APPENDIX "B"

LOCATION MAP – 315 FRONT STREET WEST

