

DELEGATED APPROVAL FORM
DEPUTY CITY MANAGER, INTERNAL CORPORATE SERVICES
DIRECTOR OF REAL ESTATE SERVICES

TRACKING NO.: 2017-301

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:	Greg Blyskosz	Division:	Toronto Parking Authority
Date Prepared:	November 9, 2017	Phone No.:	(416) 393-7267

Purpose	To obtain authority to grant consent for the Toronto Parking Authority (“TPA”) to enter into a lease agreement (“Lease Agreement”) with Tokyo Kitchen Ltd. as indemnified by Jun Yamashita and Kumi Nakayama (the “Tenant”) with respect to Unit Nos. 1 and 2 which measures approximately 1,422 square feet (the “Leased Premises”) and municipally located at 20 Charles Street (the “Subject Property”). The term of the Lease Agreement with the Tenant is for a period of five (5) years with an option to renew for one (1) further term of five (5) years.
Property	Approximately 1,422 square feet of commercial retail space provided in the combined units of 1 and 2 and located on the ground floor level in a portion of the above-grade parking facility known as Municipal Carpark 1, located municipally at 20 Charles Street / 25 Hayden Street.
Actions	<ol style="list-style-type: none"> Authority to be granted for the Toronto Parking Authority to enter into a Lease Agreement with Tokyo Kitchen Ltd. as indemnified by Jun Yamashita and Kumi Nakayama, with respect to the combined Unit Nos. 1 and 2 which measures approximately 1,422 square feet, for a term of five (5) years with an option to renew the Lease Agreement for one (1) further term of five (5) years. The appropriate City and TPA staff be authorized and directed to take the necessary action to give effect thereto.
Financial Impact	<p>The five (5) Lease Arrangement will generate a total of approximately \$415,000.00 in revenue (excluding HST) to the TPA based on a base rent of \$303,500.00 plus an additional \$111,586.80 in recoverable operating expenses (assuming 2.0% increase per annum for additional rent charges) or for the year ended 2018; approximately \$59,460.00 in basic rent, plus annual recoverable expenses which are currently estimated at \$ 21,860.00. Should the Tenant choose to exercise their five (5) year renewal option, the value of the renewal option is estimated at approximately \$656,000.00 based on an estimated fair market rental rate and an additional \$125,172.00 in recoverable operating expenses or a total of \$781,172.00.</p> <p>Under the terms of the relocation arrangement, the Tenant continues to be compensated in the amount of \$3,750.00 for each month the Tenant is delayed from re-occupying the Leased Premises until October 31, 2017. In addition, the Tenant will receive the following additional payments: (i) a final relocation compensation payment in the amount of \$5,000.00 once formal notice is issued permitting the Tenant access to the Leased Premises to commence construction of leasehold improvements; and (ii) \$15,000 towards the cost of obtaining permits for and installing a bathroom in the Leased Premises.</p> <p>Actual expenses and revenues associated with this lease will be reported through the Toronto Parking Authority's quarterly variance reports, and if required, related budgets will be subsequently adjusted through the annual budget process.</p> <p>The Acting Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>
Comments	<p>Municipal Carpark 1 is located a short distance east of Yonge Street, just south of Bloor Street (refer to <i>Appendix ‘A’ – Site Location Map</i>). To meet the increased demand for transient parking spaces, the TPA undertook an expansion of the above-grade parking facility which included a two-level addition (approximately 150 spaces) as well as architectural, mechanical and electrical upgrades to the existing garage. Due to the extent of the construction and disruption, it was necessary to close the garage and arrange to have all of the retail tenants vacate their units. The project began in February 2016.</p> <p><i>Continued on Page 4</i></p>
Terms	The major terms and conditions of the Lease Agreement for Tokyo Kitchen Ltd. are detailed under <i>Appendix ‘D’ – Lease Agreement</i> .

Property Details	Ward:	27 – Toronto Centre-Rosdale
	Assessment Roll No.:	1904-068-530-034-00-0010
	Approximate Size:	3,485.8 m ² ± (37,521 ft ² ±); subject to ROW (1,751 ft ²), TTC vents (1,149 ft ²)
	Approximate Area:	132.1 m ² ± (1,422 ft ² ±)
	Other Information:	Original Tenant returning to CP1

A.	Director of Real Estate Services has approval authority for:	Deputy City Manager, Internal Corporate Services 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/Licensor):	<input checked="" type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$1 Million;	<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 three (3) months, including licences for environmental assessments and/or testing, etc.	<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 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"/> Where total compensation does not exceed \$3 Million.
	<input type="checkbox"/> (b) When closing road, easements to pre-existing utilities for nominal consideration.	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"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences;
	<input type="checkbox"/> (b) Releases/Discharges;	<input type="checkbox"/> (b) Releases/Discharges;
	<input type="checkbox"/> (c) Surrenders/Abandonments;	<input type="checkbox"/> (c) Surrenders/Abandonments;
	<input type="checkbox"/> (d) Enforcements/Terminations;	<input type="checkbox"/> (d) Enforcements/Terminations;
	<input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppels/Certificates;	<input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppels/Certificates;
	<input type="checkbox"/> (f) Objections/Waivers/Cautions;	<input type="checkbox"/> (f) Objections/Waivers/Cautions;
	<input type="checkbox"/> (g) Notices of Lease and Sublease;	<input type="checkbox"/> (g) Notices of Lease and Sublease;
	<input type="checkbox"/> (h) Consent to regulatory applications by City, as owner;	<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"/> (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"/> (j) Documentation relating to Land Titles applications;
	<input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds.	<input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds.

B. Deputy City Manager, Internal Corporate Services 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.

Deputy City Manager, Internal Corporate Services 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:	Kristyn Wong-Tam					Councillor:									
Contact Name:	Melissa Wong					Contact Name:									
Contacted by:	Phone	X	E-Mail		Memo		Other	Contacted by:	Phone		E-mail		Memo		Other
Comments:	No objections to the Lease					Comments:									
Consultation with ABCDs															
Division:	Toronto Parking Authority					Division:	Financial Planning								
Contact Name:	Vin Madan, Director of Real Estate					Contact Name:	Maria Djergovic								
Comments:	Comments have been incorporated					Comments:	Concurs with the financial implications								
Legal Division Contact															
Contact Name:	David Eveline														
DAF Tracking No.: 2017- 301		Date		Signature											
Recommended by: Daran Somas, Acting Manager															
<input type="checkbox"/>	Recommended by: Director of Real Estate Services	Nov. 11, 2017		David Jollimore											
<input checked="" type="checkbox"/>	Approved by: David Jollimore														
<input type="checkbox"/>	Approved by: Deputy City Manager, Internal Corporate Services Josie Scioli			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 Deputy City Manager, Internal Corporate Services, in consultation with any other 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 **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.

Comments – Continued from Page 1

Tokyo Kitchen Ltd., had been a tenant at the Subject Property since December 1996, occupying two commercial units with a combined area of 897 square feet and located at grade fronting onto Charles Street East (the "Original Premises"). The Tenant had always occupied the Original Premises since first establishing their business at the Subject Property. The commercial unit to be occupied by the returning Tenant represents two of a total of five (5) ground floor commercial units available at the Subject Property.

Under the terms of a letter agreement between the TPA and the Tenant dated February 3, 2016 including a Surrender of Lease Agreement dated February 11, 2016, the Tenant agreed to close their business during construction and return once the construction work was completed. As consideration for vacating their Original Premises, closing their business, and surrendering their original lease, the TPA agreed to grant the Tenant a new lease based on the key business terms as detailed under *Appendix 'D' – Lease Agreement*.

In December 2016, the Tenant advised that they have opted to return and occupy both the area which represented the Original Premises (897 square feet) plus the balance of the adjacent retail unit (Unit No. 2). The configuration of the Leased Premises will measure approximately 1,422 square feet (refer to *Appendix 'A' – Site Location Map* and *Appendix 'B' – As-Built Commercial Area Summary*).

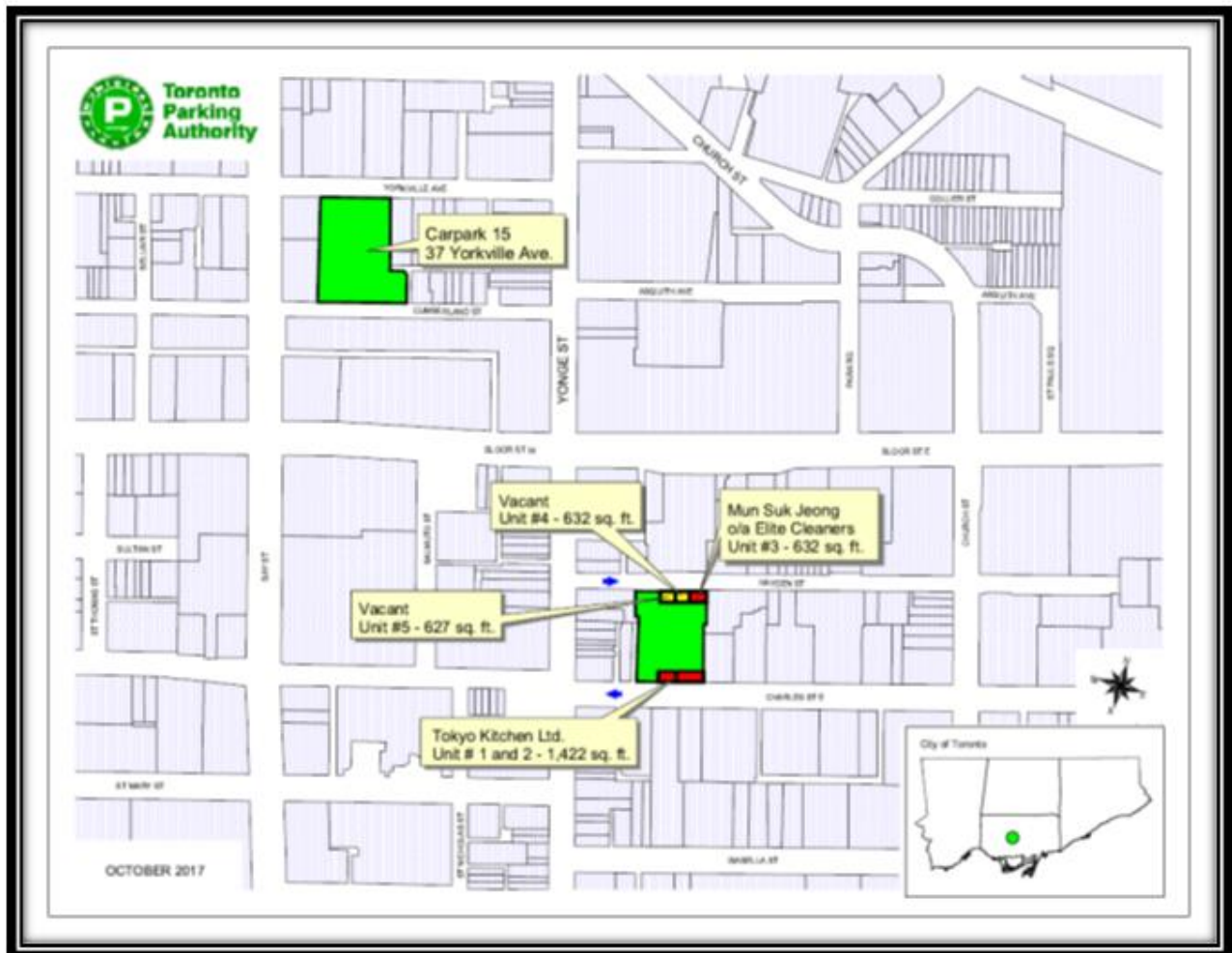
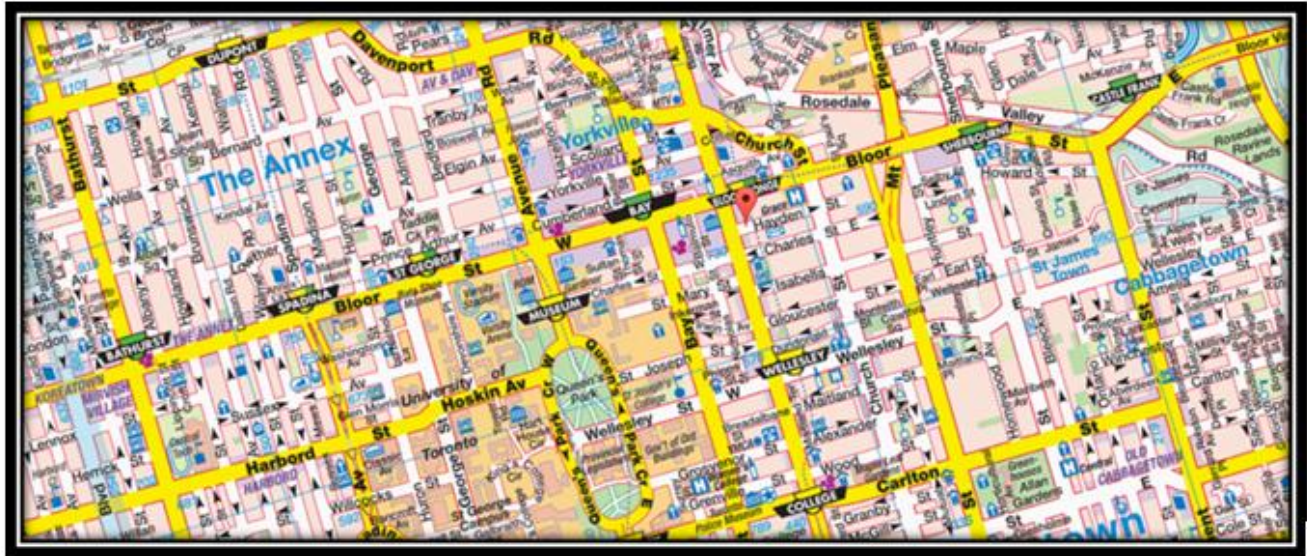
In June 2017, the Tenant obtained a building permit for the Leased Premises (refer to *Appendix 'C' – Floor Plan: Tokyo Kitchen Ltd.*) and are currently awaiting authorization from the TPA / City to occupy the Lease Premises and initiate construction of their leasehold improvements which are expected to take approximately 8 weeks to complete.

Decision History

At its meeting of January 21, 2016 (*TPA Board Minute No. 16-010*), the TPA Board approved for staff to negotiate temporary relocation arrangements with Tokyo Kitchen, Mun Suk Jeong (o/a Elite Cleaners) and Thirty Three Bloor Ltd. related to Municipal Carpark 1 located at 20 Charles Street East.

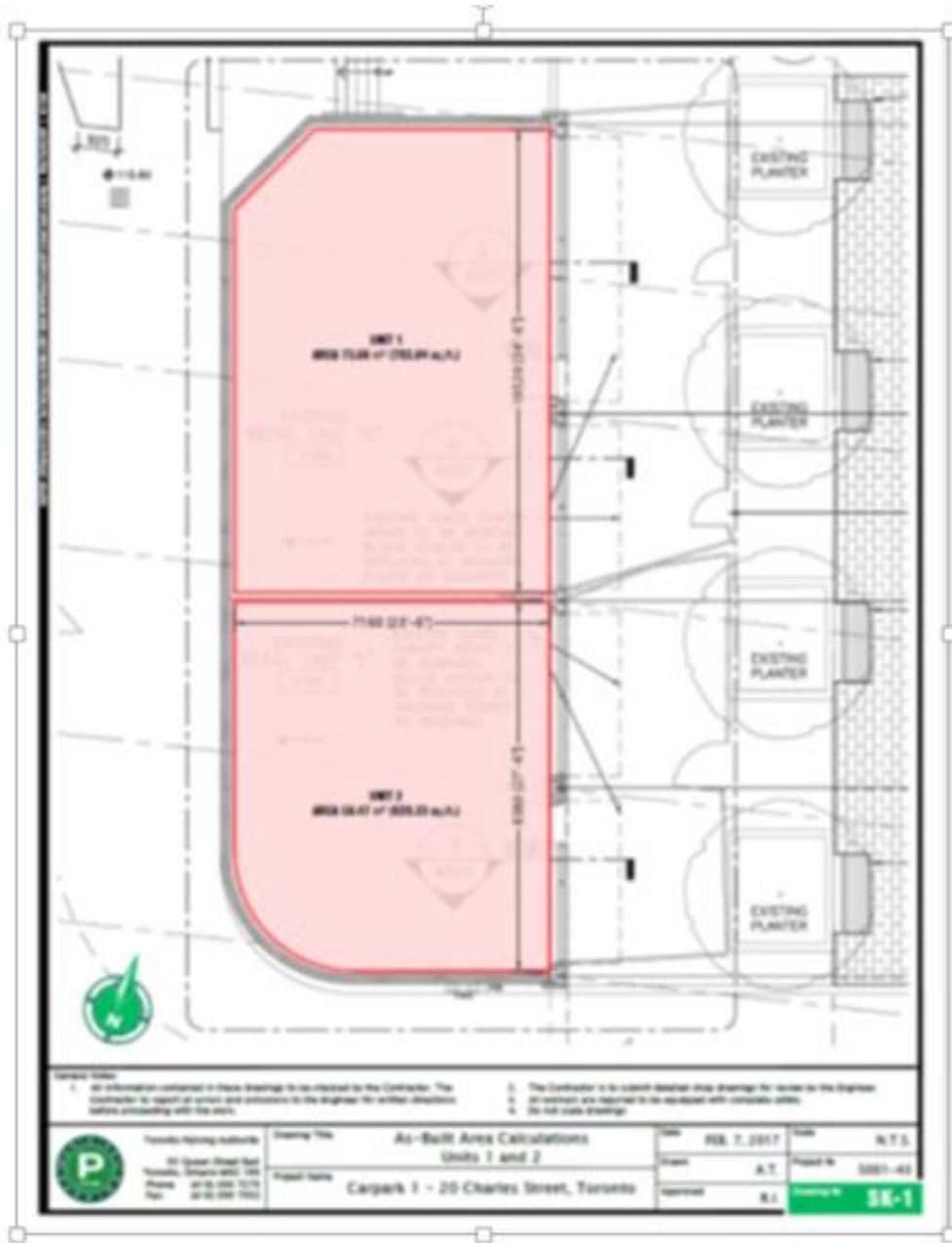
At its meeting of February 25, 2016 (*TPA Board Minute No. 16-030*), the TPA Board received for information purposes only, details related to the final settled terms related to the relocation arrangements for Tokyo Kitchen and Mun Suk Leong (o/a Elite Cleaners) as part of the planned expansion of Municipal Carpark 1.

APPENDIX 'A' SITE LOCATION MAP



APPENDIX 'B'

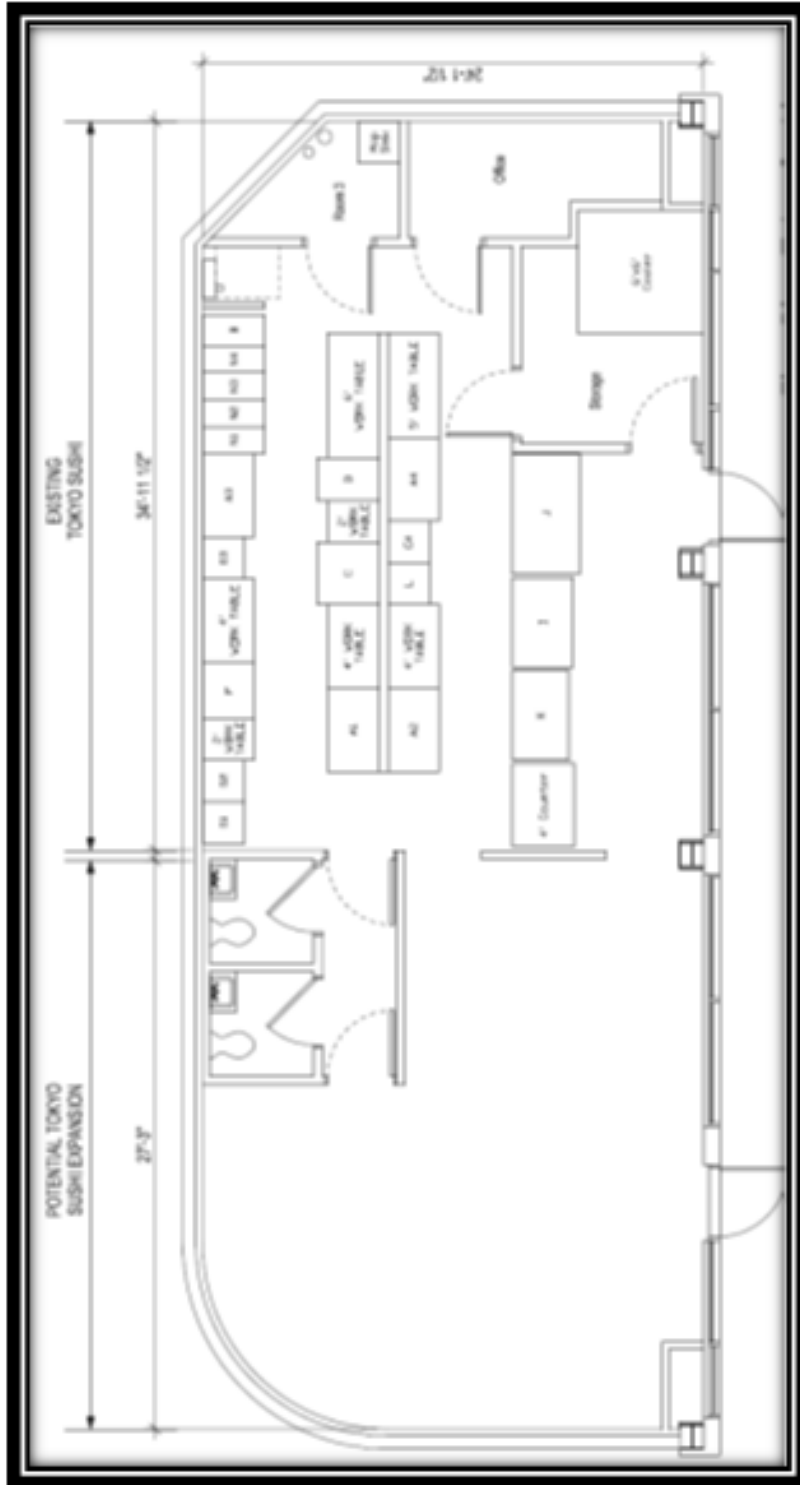
AS-BUILT COMMERCIAL AREA SUMMARY



APPENDIX 'C'

FLOOR PLAN

TOKYO KITCHEN LTD.



APPENDIX 'D'

LEASE AGREEMENT

Summary of Lease Agreement

The following highlights the key terms and conditions of the final negotiated Lease Agreement once the Tenant returns to the Subject Property which has been accepted by the Tenant:

Tenant	Tokyo Kitchen Ltd.
Indemnifiers	Jun Yamashita and Kumi Nakayama
Original Premises	897 square feet (Unit No. 1)
Leased Premises	The Tenant will return to their Original Premises plus the unit immediately adjacent (the "Additional Premises"). The combined area measures 1,422 square feet (more or less) which will need to be verified once the Tenant completes their leasehold improvements
Term	Five (5) years
Commencement Date	Thirty (30) days following the date the Tenant receives formal notification to occupy the Leased Premises
Minimum Rent	<p><u>Original Premises:</u></p> <p>In recognition that there was a year remaining in the term of the Tenant's surrendered lease, the minimum rent for the Term is as follows:</p> <p style="padding-left: 40px;">Year 1 - \$30.00 per square foot; and</p> <p style="padding-left: 40px;">Year 2 to 5 - \$32.00 per square foot</p> <p><u>Additional Premises:</u></p> <p>The minimum rent for the Term is as follows:</p> <p style="padding-left: 40px;">Year 1 to 5 - \$65.00 per square foot</p> <p>The actual rent amount will depend on the final verified area of the Leased Premises. The Tenant will be responsible for the payment of all utility and HVAC charges relating to the Leased Premises</p>
Free Rent	One (1) month free of Minimum Rent as a fixturing period
Additional Rent	The Tenant will pay its share of realty taxes and its proportionate share of any operating costs (<i>Estimated at \$15.37 per sq. ft. for 2018</i>)
Option to Extend	One five (5) year lease extension option at a market rental rate
Leasehold Improvements	The TPA has assisted the Tenant with the preparation of drawings and plans for the Leased Premises. The Tenant has obtained the necessary permits and will be responsible to complete all improvements to the Leased Premises. The Leased Premises will be delivered to the Tenant finished with drywall and a suspended acoustic tile ceiling and will have the following supplied: water, sanitary sewer, gas and an HVAC unit
Leasehold Improvement Allowance	<p>The Tenant will receive:</p> <ul style="list-style-type: none"> (i) One (1) month gross free rent but only in respect of the area that exceeds the area of the Original Premises, payable once the work has been completed and the Tenant has opened for business; and (j) \$15,000 towards the cost of obtaining permits for and installing a bathroom in the Leased Premises, payable once a building permit is issued (<i>remains to be paid</i>)

Security Deposit	The TPA continues to hold a security deposit of \$3,936.26, which will be rolled over to the new lease agreement, and applied towards the adjusted security deposit. At the time when the size of the Leased Premises is finalized, the Tenant will be required to adjust the security deposit so that the amount reflects two (2) month's estimated gross rent based on the area of the Leased Premises
Project Delay	Beginning May 1, 2017, should there be a delay in the turnover of the Leased Premises to the Tenant, the Tenant will receive as additional compensation of \$3,750.00 for each month of the delay to a maximum of six (6) months
New Lease	The Tenant will be required to enter into a new lease based on the TPA's updated standard form of lease. The new form of lease is not expected to make material changes to the key provisions of the original lease save and except the business terms. The parties will cooperate together to finalize and execute the new lease prior to the Commencement Date