

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

TRACKING NO.: 2017-015

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:	April 26, 2017	Phone No.:	(416) 397 – 7671

Purpose	To obtain authority to enter into a lease amending agreement with 481 Uni Investments Inc. (the "Landlord"), to add an early termination right in favor of the Landlord, for the lease dated December 2, 2008 between the Landlord and the City of Toronto (the "Tenant") for Toronto Courts Services.
Property	481 University Avenue, (Suite 120) Toronto Ontario, comprising approximately 16,972 square feet.
Actions	<ol style="list-style-type: none"> 1) Authority be granted for the City to enter into a lease amending agreement (the "Lease Amending Agreement") with the Landlord on the terms and conditions set out in Appendix "A", together with such other 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 designate shall administer and manage the Lease and the Lease Amending 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 3) The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.
Financial Impact	<p>If the Landlord gives notice of termination in 2018, the total revenue to the City will be \$3,500,000.00. There will be a \$500,000.00 payment when the notice is given and \$3,000,000.00 will be provided on the date of termination. For every calendar year past 2018, where the termination notice is not given, the \$3,000,000 amount shall be reduced by five percent (5%).</p> <p>The Deputy City Manager & Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>
Comments	<p>The City is currently the tenant of two leases for office space utilized by Court Services: (i) 29,510 sq. ft. on the 2nd and 9th floor at 481 University Avenue, with the current term expiring on December 31, 2018 (the "2001 Lease"), and (ii) an additional 16,972 sq. ft. on the ground floor of the adjoining building known as 210 Dundas Street West, for a term commencing June 1, 2009 and expiring May 31, 2019, with two (2) options to renew for 5 years each (the "2008 Lease").</p> <p>The 2001 Lease was authorized by Report No. 11(1) of the Policy & Finance Committee, adopted by Council on July 24, 25, & 26 of 2001, as amended by Report 4(10) of the Administration Committee, adopted by Council on June 27, 28, & 29, 2006 and further amended by DAF 2013-118. As detailed in DAF 2013-118, there is an early termination clause in favour of the Landlord.</p> <p>The 2008 lease was authorized by City Council GM 18.9 on October 29, 2008. This lease does not contain an early termination clause, and the Landlord has requested an early termination clause for flexibility associated with their long term planning.</p> <p>After negotiations the City and the Landlord came to acceptable terms and conditions to proceed with the Landlord's request.</p>
Terms	Please see page 4

Property Details	Ward:	27 Toronto Center – Rosedale
	Assessment Roll No.:	
	Approximate Size:	
	Approximate Area:	Approximately 16,972
	Other Information:	

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 & Parks & Open Space Areas of Official Plan: N/A</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>(c) 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>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</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>Delegated to a less senior position.</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 type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.</p> <p><input checked="" 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 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>Delegated to a less senior position.</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>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</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>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million;</p> <p>Delegated to a less senior position.</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>Delegated to a less senior position.</p>
<p>B. City Manager and Deputy Manager & Chief Financial Officer each has signing authority on behalf of the City for:</p>		
<p><input checked="" type="checkbox"/> Documents required to implement the delegated approval exercised by him.</p>		

Consultation with Councillor(s)											
Councillor:	Kristyn Wong-Tam					Councillor:					
Contact Name:	Melissa Wong					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 Courts					Division:	Financial Planning				
Contact Name:	Barry Randell					Contact Name:	Filisha Mohammed				
Comments:	Consent					Comments:	Consent				
Legal Division Contact											
Contact Name:	Soo Kim Lee										

DAF Tracking No.: 2017 - 015	Date	Signature
Recommended by: Manager	May/21/2017	Sgd.\ Wayne Duong
Recommended by: Director of Real Estate Services	May/25/2017	Sgd.\ Joe Casali
Recommended by: Chief Corporate Officer	May/30/2017	Sgd.\ Josie Scioli
Approved by: Deputy City Manager & Chief Financial Officer Roberto Rossini	June/13/2017	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 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.

Major Terms and Conditions

Termination Provision:

At any time after **December 31, 2017**, the Landlord shall have the right to terminate the Lease, by giving written notice (the "**Termination Notice**") of such termination to the Tenant. The Termination Notice shall specify the termination date (the "**Termination Date**") which shall be at least **Twenty-four (24) months** after the Termination Notice is given.

The Termination Notice shall include a certified cheque or bank draft payable to "Treasurer, City of Toronto", in the amount of Five Hundred Thousand (\$500,000.00) Dollars, representing a non-refundable payment to the Tenant.

If the Termination Notice is given, then the following shall apply:

- (a) On or before the Termination Date, the Landlord shall deliver to the Tenant, a certified cheque or bank draft payable to "Treasurer, City of Toronto", in the amount as set out below (the "**Additional Payment**"). For example, if the Termination Notice is given in 2017, the Additional Payment shall be Three Million (\$3,000,000.00) Dollars. The Additional Payment shall decrease by (5%) five percent for each subsequent calendar year that the Termination Notice is given, as set out below.

Year of Delivery of Notice	Amount Paid
2018	\$3,000,000.00
2019	\$2,850,000.00
2020	\$2,707,500.00
2021	\$2,572,125.00
2022	\$2,443,518.75
2023	\$2,321,342.81
2024	\$2,205,275.67
2025	\$2,095,011.89
2026	\$1,990,261.29
2027	\$1,890,748.23
2028	\$1,796,210.82

- (b) The Lease shall terminate on the Termination Date and the Tenant shall deliver vacant possession of the Premises to the Landlord in accordance with all applicable provisions in the Lease, including Section 19.05, which provides that the Tenant will not be required to remove the leasehold improvements from the Premises.

Location Map

