

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:	Sean Shahi	Division:	Real Estate Services
Date Prepared:	December 28, 2017	Phone No.:	416-338-2745

Purpose	To obtain authority to extend and amend the lease agreement (the "Agreement") between the City of Toronto (the "City") and Century Standard Development Corporation (the "Landlord") for five (5) years commencing on January 1, 2018 and expiring on December 31, 2022, for use of approximately 11,501 square feet of retail office space within the premises known municipally as 1118 Finch Avenue West, Toronto (the "Centre"), being comprised of Units 3 to 7, 9 and 11 to 12.
Property	1118 Finch Avenue West, Units 3 to 7, 9 and 11 to 12, Toronto, comprising an area of approximately 11,501 square feet (the "Premises"), as shown on the location map attached as Schedule "A".
Actions	<ol style="list-style-type: none"> Authority be granted to extend and amend the Agreement for a further term of five (5) years commencing on January 1, 2018 and expiring on December 31, 2022, substantially upon the terms and conditions contained in Schedule "B" attached hereto and any such other or amended terms deemed appropriate by the Deputy City Manager, Internal Corporate Services (the "DCM") or designate, and in a form acceptable to the City Solicitor. The DCM or his or her designate, shall administer and manage the Agreement including the provision of any consents, approvals, amendments, waivers, notices and notice of termination provided that the DCM may, at any time, refer consideration of such matters to City Council for its determination and direction; and, 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 inclusive of basic rent and operating cost for the five year term is \$1,643,159.83 net of HST recoveries. If the City exercises its option to extend for an additional five year term, this will result in an estimated increase in costs to the City of \$1,672,418.38 net of HST recoveries.</p> <p>Annual cost to the City as detailed as follows: \$322,780 for 2018, \$322,780 for 2019, \$328,632 for 2020, \$334,484 for 2021 and \$334,484 for 2022. Funding is available in the 2018 – 2020 Preliminary Operating Budget for Children's Services under cost centre EG311A.</p> <p>The Acting Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>
Comments	<p>Pursuant to Government Management Committee Report No. GM5.28, adopted by City Council on June 19, 20 and 22, 2007, the City leased approximately 11,501 square feet of office space at 1118 Finch Avenue West, Toronto for a 5 year term commencing on November 1, 2007 and expiring on October 31, 2012. Due to construction delays, the commencement date of initial term was delay and commenced on December 17, 2007, with a revised expiry date of December 31, 2012.</p> <p>By DAF 2012-237, the City was authorized to enter into a lease extension agreement to extend the term for a further term of 5 years commencing January 1, 2013 and expiring on December 31, 2017.</p> <p>The Premises is occupied by the City of Toronto's Children's Services division. Children's Services provides access to high quality early learning, childcare and support for families through a well-planned and managed system. The Premises is an optimal location for Children's Service's North Office and Children's Services has advised the location has been budgeted for another 5 year term.</p> <p>Children's Services have requested the lease to be extended for a further term of five (5) years commencing on January 1, 2018 and expiring on December 31, 2022.</p>
Terms	Please see Schedule "B"

Property Details	Ward:	8 – York West	8
	Assessment Roll No.:		
	Approximate Size:	11,501 Square Feet	11
	Approximate Area:		
	Other Information:		

A.	Deputy City Manager, Internal Corporate Services 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><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><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 checked="" type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.</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><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><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, Internal Corporate Services 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 or her.</p>		

Consultation with Councillor(s)															
Councillor:	Anthony Perruzza				Councillor:										
Contact Name:	Tom Rakocevic				Contact Name:										
Contacted by:	Phone	X	E-Mail		Memo		Other	Contacted by:	Phone		E-mail		Memo		Other
Comments:	Concurrence				Comments:										
Consultation with ABCDs															
Division:	Children's Services				Division:	Financial Planning									
Contact Name:	Nino Dodario				Contact Name:	Patricia Libardo									
Comments:	Concurrence				Comments:	Concurrence									
Legal Division Contact															
Contact Name:	Shirley Chow														

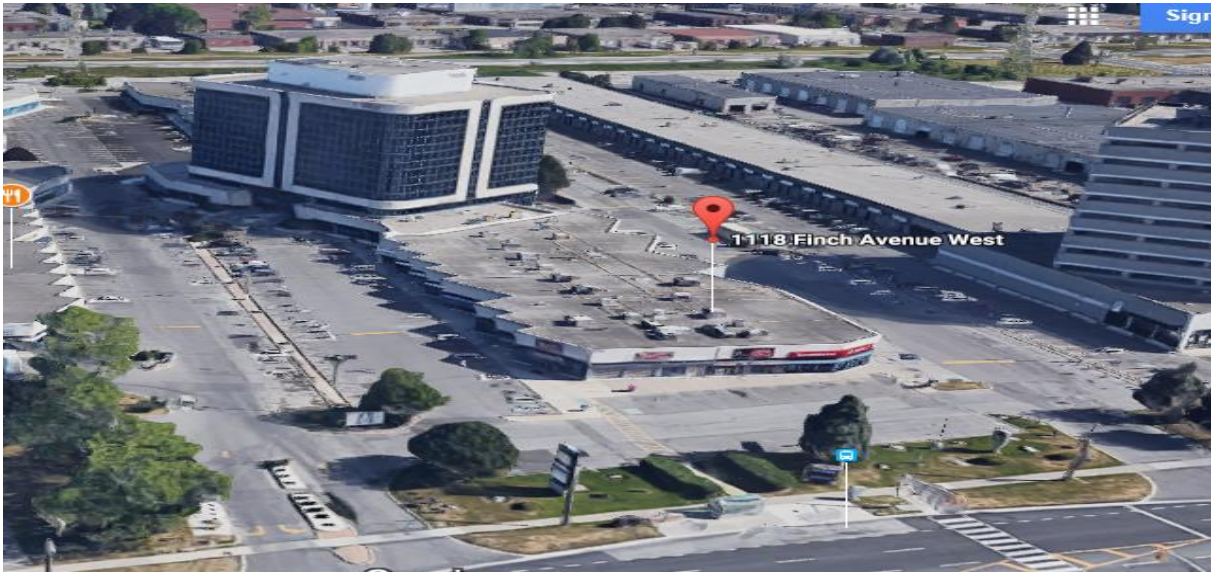
DAF Tracking No.:2017-312	Date	Signature
Recommended by: Project Manager – Robin Chen	Dec/28/2017	Sgd.\ Robin Chen
Recommended by: Director of Real Estate Services	Dec/28/2017	Sgd.\ David Jollimore
Approved by: Deputy City Manager, Internal Corporate Services Josie Scioli	Dec/28/2017	Sgd.\ Josie Scioli
Approved by: City Manager Peter Wallace		X

General Conditions ("GC")

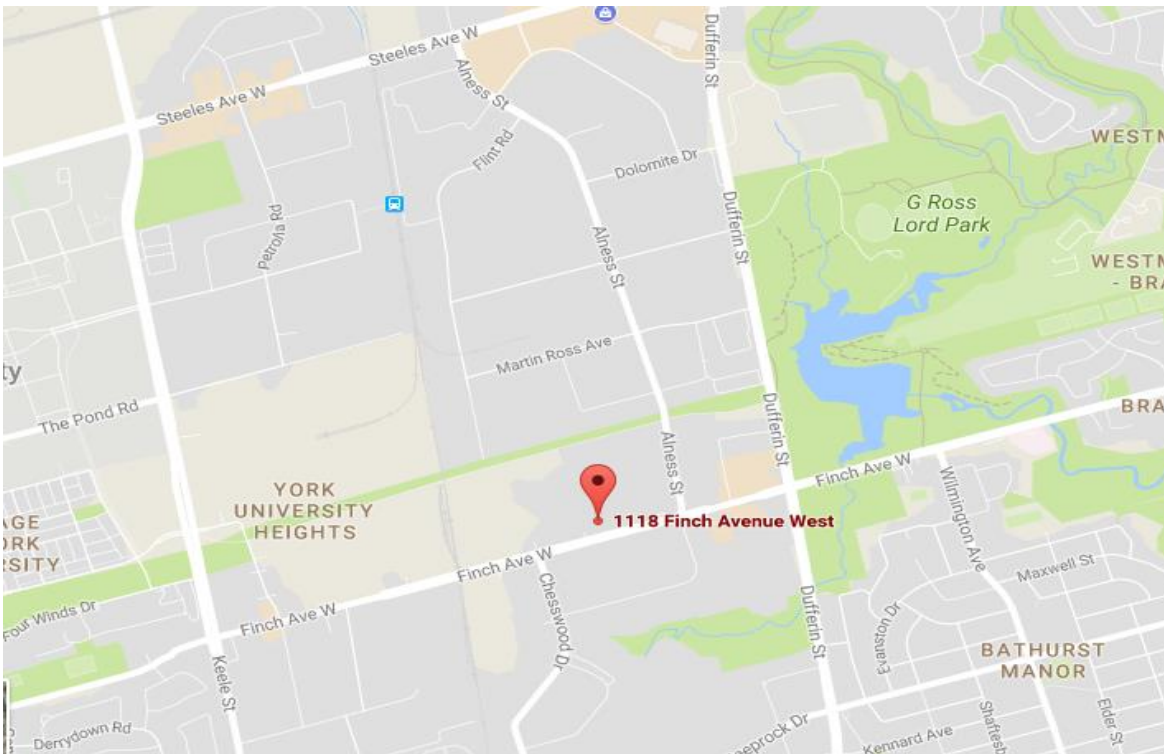
- (a) The local Councillor (or local Councillors if the subject property is located on a ward boundary or if the transaction involves an exchange of properties in more than one ward), will be consulted prior to the exercise of delegated Approving Authority by staff for all Acquisitions, Disposals, Land 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 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.

Schedule "A"

Aerial Shot:



Location Map



Schedule "B"

Major Terms and Conditions:

Extension Term: Five (5) years, commencing January 1, 2018 and expiring December 31, 2022.

Basic Rent:

Year 1: January 1, 2018 to and including December 31, 2018 - \$12.50 per square foot per annum.

Year 2: January 1, 2019 to and including December 31, 2019 - \$12.50 per square foot per annum.

Year 3: January 1, 2020 to and including December 31, 2020 - \$13.00 per square foot per annum.

Year 4: January 1, 2021 to and including December 31, 2021 - \$13.50 per square foot per annum.

Year 5: January 1, 2022 to and including December 31, 2022 - \$13.50 per square foot per annum.

Fiscal Year		2018	2019	2020	2021	2022
From		01-Jan-18	01-Jan-19	01-Jan-20	01-Jan-21	01-Jan-22
To		<u>31-Dec-18</u>	<u>31-Dec-19</u>	<u>31-Dec-20</u>	<u>31-Dec-21</u>	<u>31-Dec-22</u>
	Total					
Basic rent (Before HST)	\$ 747,565	\$ 143,763	\$ 143,763	\$ 149,513	\$ 155,264	\$ 155,264
Additional Rent (before HST)	\$ 867,175	\$ 173,435	\$ 173,435	\$ 173,435	\$ 173,435	\$ 173,435
Total Before HST	\$ 1,614,740	\$ 317,198	\$ 317,198	\$ 322,948	\$ 328,699	\$ 328,699
HST (13%)	\$ 209,916	\$ 41,236	\$ 41,236	\$ 41,983	\$ 42,731	\$ 42,731
Total Including HST	\$ 1,824,657	\$ 358,433	\$ 358,433	\$ 364,931	\$ 371,429	\$ 371,429
Total Net of HST Recovery	\$ 1,643,160	\$ 322,780	\$ 322,780	\$ 328,632	\$ 334,484	\$ 34,484

Additional Rent: Operating costs for the Premises, inclusive of hydro and janitorial costs (but excluding realty taxes), for the first year of the extended Term are estimated to be \$15.08 per square foot per annum or \$173,435.08 per annum plus HST.

Option to Extend: The Tenant shall be granted one (1) further option to extend the term of the Agreement for a further period of five (5) years, upon the same terms and conditions of the Agreement, except that Basic Rent shall be based upon the then current market rent for comparable premises in the vicinity of the Premises as at the date which is six (6) months prior to the commencement of the option term.

Landlord's Work: The Landlord agrees to replace three (3) exterior doors in the Premises with new windows, equivalent in quality, standard and design as the existing window in the Premises and throughout the Centre, to the satisfaction of the Tenant, acting reasonably. In the event that there is any water penetration into the Premises, the Landlord shall take immediate action to repair and rectify the water penetration and resulting damage to the Premises, including if necessary, the replacement of windows in the Premises.

Municipal Capital Facility Exemption: The Landlord and the City acknowledge that they entered into a municipal capital facilities agreement dated September 2, 2009 (the "MCFA") to exempt the Premises from taxation for municipal and school purposes. As the City has been paying its proportionate share of realty taxes for the Premises from September 2, 2009 to November 30, 2017, the parties covenant to reconcile the realty tax payments made by the City and upon completion of the reconciliation satisfactory to the Landlord and the City, acting reasonably, any overpayment made by the City shall be credited to the City and applied to the basic rent and additional rent next coming due until any such credit has been fully utilized.