

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

TRACKING NO.: 2017-188

- 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:	Sean Shahi	Division:	Real Estate Services
Date Prepared:	June 29, 2017	Phone No.:	416-338-2745

<b>Purpose</b>	To obtain authority for the City of Toronto (the "City") as Tenant to renew the Lease with 45-47 Sheppard Avenue East Inc. (as "Landlord") for the continued use of approximately 4,456 square feet of Class B office space within the Premises known municipally as 45 Sheppard Avenue East.
<b>Property</b>	Suite 212, 45 Sheppard Avenue East, Toronto Part of Block A Plan 2090, Designated as Part 1 on Plan 64R15615 subject to easements.
<b>Actions</b>	<ol style="list-style-type: none"> <li>1. Authority be granted to amend the existing Lease to reflect the terms and conditions contained in Schedule "A" attached hereto and any such other terms and conditions deemed appropriate by the Chief Corporate Officer (the "CCO") or designate, and in a form acceptable to the City Solicitor;</li> <li>2. The CCO 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 CCO may, at any time, refer consideration of such matters to City Council for its termination and direction; and,</li> <li>3. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.</li> </ol>
<b>Financial Impact</b>	<p>The total cost to the City over the five (5) year renewal term is estimated to be \$811,883.20 (plus HST) or \$826,172.34 (net of HST recoveries), by way of \$393,242.00 (plus HST) in minimum rent and \$418,641.20 (plus HST) of additional rent. Funding is available in the 2017 Council Approved Operating Budget for Toronto Employment &amp; Social Services (TESS) and will be accommodated for in future Operating Budget submissions. Please see schedule C for further details.</p> <p>The Deputy City Manager &amp; Chief Financial Officer has reviewed this DAF and agrees with the financial impact.</p>
<b>Comments</b>	<p>Government Management Committee Report No. GM8.11, adopted by City Council on October 22 and 23, 2007, authorized the lease of the Premises, which expired September 30, 2012 and contained one option to renew for a further term of (5) five years. DAF 2012-139 authorized the lease of the Premise for a further term of (5) five years, commencing October 1, 2012 and expiring September 30, 2017. Toronto Employment and Social Services have requested the lease to be renewed for a further (5) five year term commencing October 1, 2017 and expiring September 30, 2022.</p> <p>The space is occupied by the City of Toronto's Employment and Social Services division (TESS). TESS provides employment supports, financial benefits and social supports to their clients. The office is an optimal location for TESS due to its close proximity to the Willowdale Courts at 47 Sheppard Avenue East as well as the transportation access along the Sheppard Yonge Corridor.</p>
<b>Terms</b>	See Schedule A

<b>Property Details</b>	<b>Ward:</b>	23 – Willowdale
	<b>Assessment Roll No.:</b>	1908-09-1-150-00700
	<b>Approximate Size:</b>	4,456 Square Feet
	<b>Approximate Area:</b>	
	<b>Other Information:</b>	

A.	Director of Real Estate Services	Chief Corporate Officer
<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 &amp; Parks &amp; 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><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><b>Delegated to a more senior position.</b></p> <p><b>Delegated to a more senior position.</b></p> <p><b>Delegated to a more senior position.</b></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><b>Delegated to a more senior position.</b></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 checked="" 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"/> I 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 &amp; 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 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><b>Delegated to a less senior position.</b></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"/> I Surrenders/Abandonments;</p> <p><input type="checkbox"/> (d) Enforcements/Terminations;</p> <p><input type="checkbox"/> I 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:	John Filion					Councillor:										
Contact Name:	Markus O'Brien Fehr					Contact Name:										
Contacted by:	Phone	<input checked="" type="checkbox"/>	E-Mail		Memo		Other		Contacted by:	Phone		E-mail		Memo		Other
Comments:	Concurrence					Comments:										
Consultation with ABCDs																
Division:	Toronto Employment and Social Services					Division:	Financial Planning									
Contact Name:	Jeff Parkovnick					Contact Name:	Filisha Jenkins									
Comments:	Consent					Comments:	Consent									
Legal Division Contact																
Contact Name:	Michele Desimoe															
DAF Tracking No.: 2017- 188				Date				Signature								
Recommended by: Manager – Wayne Duong				July/14/2017				Sgd.\ Wayne Duong								
<input type="checkbox"/> Recommended by: Director of Real Estate Services Joe Casali				Aug/18/2017				Sgd.\ Joe Casali								
<input checked="" type="checkbox"/> Approved by:																
<input type="checkbox"/> Approved by: Chief Corporate Officer 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 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-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 50M<sup>2</sup> 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.

**Schedule "A"****Major terms and conditions:**

**Renewal Term:** Five (5) years, commencing October 1, 2017 and expiring September 30, 2022

**Further Option To Renew:** One (5) five year City option to extend.

**Basic Rent:**

Year 1: October 1, 2017 to and including September 30, 2018 - \$18.50 per square foot

Year 2: October 1, 2018 to and including September 30, 2019 - \$19.00 per square foot

Year 3: October 1, 2019 to and including September 30, 2020 - \$19.50 per square foot

Year 4: October 1, 2020 to and including September 30, 2021 - \$20.00 per square foot

Year 5: October 1, 2021 to and including September 30, 2022 - \$20.50 per square foot

**Additional Rent:** Operating costs for the current year are estimated to be \$12.90 per square foot or \$57,482.40 per year plus HST.

**Realty Taxes:** Realty tax costs for the 2017 year are estimated to be \$5.89 per square foot or \$26,245.84 per year plus HST.

**Rent Free Period:** 6 month minimum rent free period commencing October 1, 2017 to March 31, 2018.

**Landlord's Work:**

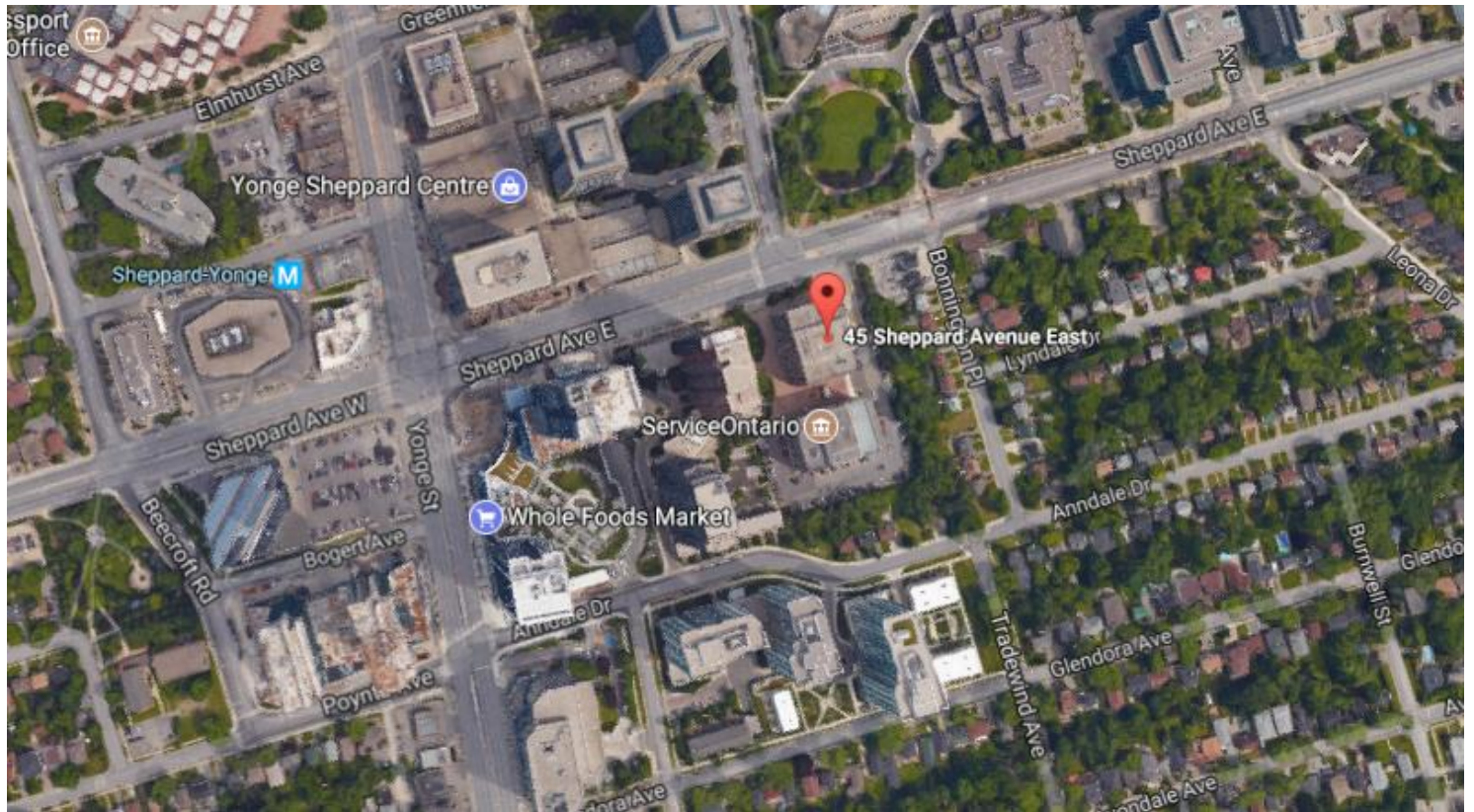
Landlord shall complete:

The following Landlord's work within the Premises in a good and workmanlike manner, using base building standard materials and finishes:

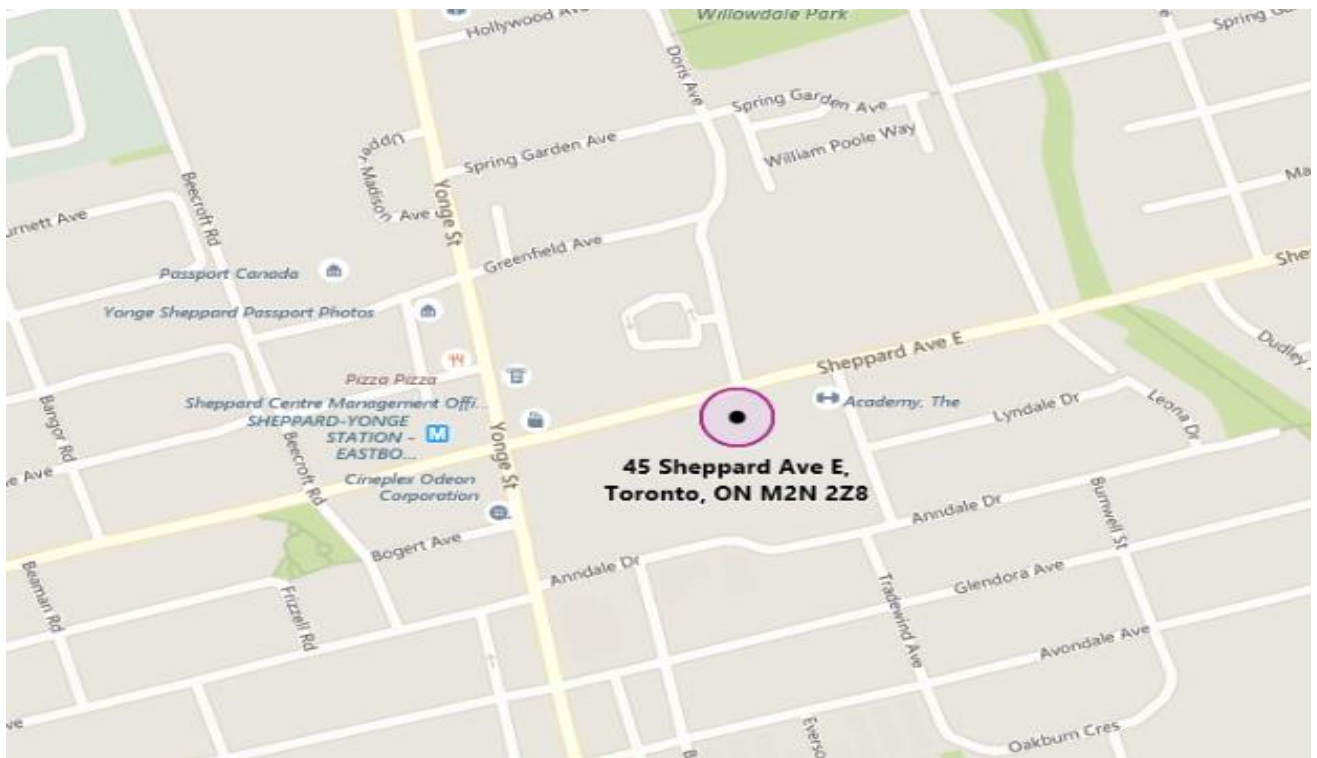
- Replace carpet throughout the Premises, Tenant to choose from Landlord samples of carpet. The Landlord and its contractor shall be responsible for lifting system furniture and other office furniture off the floor and putting them back down and/or moving/lifting enclosed office movable furniture in order to replace the carpet. The Landlord nor its contractor shall be responsible for removing equipment or items off the floor of the Premise, disconnecting equipment and computers or clearing desks; and
- Landlord to paint Premises one colour, Tenant to choose from Landlord samples.
- Landlord to conduct full HVAC System Tune up, perimeter radiators tune-up/ calibration and full air-duct cleaning.

**Municipal Capital Facility (MCF):** The City is liable for property taxes for the time being but also anticipates recovering this money in the future once appeals reflecting a MCF exemption are posted to the property tax account and Revenue Services issues a refund to the Landlord.

Aerial Shot:



Location Map:



## Schedule C

## Financial Impact:

## Minimum Rent Details

Premises	Square Feet	Y1	Y2	Y3	Y4	Y5	Totals
Rate PSF	4,456	\$18.50	\$19.00	\$19.50	\$20.00	\$20.50	
Free Rent	6 months	\$41,218.00					
Total Annual Minimum Rent		\$41,218.00	\$84,664.00	\$86,892.00	\$89,120.00	\$91,348.00	\$393,242.00
Total Monthly Minimum Rent		\$6,869.67	\$7,055.33	\$7,241.00	\$7,426.67	\$7,612.33	

Free rent months are from October 1, 2017- March 31, 2018.

\*Plus additional HST

## Additional Rent:

Premises	Square Feet	Y1	Y2	Y3	Y4	Y5	Totals
Operating Expense	4,456	\$12.90	\$12.90	\$12.90	\$12.90	\$12.90	
Realty Tax	4,456	\$5.89	\$5.89	\$5.89	\$5.89	\$5.89	
Total Additional Rent	4,456	\$18.79	\$18.79	\$18.79	\$18.79	\$18.79	
Total Annual Additional Rent	4,456	\$83,728.24	\$83,728.24	\$83,728.24	\$83,728.24	\$83,728.24	\$418,641.20
Total Monthly Additional Rent	4,456	\$6,977.35	\$6,977.35	\$6,977.35	\$6,977.35	\$6,977.35	

For rent free months from October 1, 2017 – March 31, 2018 the City will continue to pay the operating expenses

\*Plus additional HST

## Total Rent Details:

Minimum Rent	\$393,242.00
Additional Rent	\$418,641.20
<b>Total</b>	<b>\$811,833.20</b>
HST	\$105,544.82
<b>Total w/ HST</b>	<b>\$917,428.02</b>
<b>Total net of HST recoveries</b>	<b>\$826,172.34</b>