

DELEGATED APPROVAL FORM
CITY MANAGER
DEPUTY CITY MANAGER, INTERNAL CORPORATE SERVICES

TRACKING NO.: 2018-066

Approved pursuant to the Delegated Authority contained in Executive Committee Item EX27.12, as adopted by City Council on October 2, 3 and 4, 2017 or, where applicable, in Executive Committee Item EX28.8, as adopted by City Council on November 7, 8 and 9, 2017

Prepared By:	Jin Han	Division:	Real Estate Services
Date Prepared:	February 7, 2018	Phone No.:	(416) 338-1297

Purpose	To obtain authority for the rental rates (Basic Rent and Additional Rent) for two (2) separate Lease Extension and Amending Agreements (collectively " Extension Agreements ") with 481 Uni Investments Inc. (" Landlord ") at 481 University Avenue, Toronto, for office space utilized by the Court Services.
Property	481 University Avenue (" Property ") as shown on the location map attached as Appendix "B". The leased space (collectively " Premises ") consist of: (i) Suite 115 (128 square feet), and Suite 200 (14,903 square feet), and Suite 900 (14,479 square feet) leased to the City by a lease dated October 2, 2001, as amended (" 2001 Lease "); and (ii) Suite 120 (16,972 square feet) leased to the City by a lease dated December 2, 2008, as amended (" 2008 Lease ").
Actions	It is recommended that: 1. The City enter into the Extension Agreements with the Landlord for the Premises on the terms and conditions outlined in Appendix "A" attached hereto, and on such other or amended terms as may be satisfactory to the Deputy City Manager, Internal Corporate Services, and in a form acceptable to the City Solicitor; 2. The Deputy City Manager, Internal Corporate Services, or her successor or designate, shall administer and manage the Extension Agreements including the provision of any consents, certificates, approvals, waivers, notices and notices of termination, provided that the Deputy City Manager, Internal Corporate Services may, at any time, refer consideration of such matters to City Council for its determination and direction; 3. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.
Financial Impact	The total cost to the City for the 3 year term inclusive of basic rent, operating cost and realty tax, will be \$2,426,607.30 before HST. The total cost to the City for the 2.58 year term inclusive of basic rent, operating cost and realty tax, will be \$1,201,773.18 before HST. The total cost to the City will be \$3,628,380.48 before HST for both Extensions. See Appendix A for details on annual cost to the City. The Acting Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.
Comments	The City is currently the tenant of the 2001 Lease and the 2008 Lease for office space utilized by Court Services. 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; AC 4 (10) - June 27, 28, 29, 2006. EX43.7 – May 11 and 12, 2010 [DAF Tracking No. 2013-118] authorized a 5 year term (January 1, 2014 – December 31, 2018), plus an option to extend for 5 years at market rent, with a sale and demolition clause in favor of the landlord. Court Services has confirmed that they require the space and has requested Real Estate Services to extend the 2001 Lease and the 2008 Lease. Instead of exercising the option to extend the 2001 Lease for 5 years, the landlord has agreed to the City's request to extend for 3 years (January 1, 2019 – December 31, 2021), and maintain the option to extend for 2 years. The 2008 Lease was authorized by GM18.9 – October 29 and 30, 2008, for a term of 10 years (June 1, 2009 – May 31, 2019), with 2 options to extend for 5 years each. EX43.7 – May 11 and 12, 2010 [DAF Tracking #2017-015] authorized a Lease Amending Agreement permitting the landlord to terminate the lease early, upon payment of compensation to the City. Instead of exercising the option to extend the 2008 Lease for 5 years, the landlord has agreed to the City's request to extend for 2 years and 7 months (June 1, 2019 – December 31, 2021), and maintain the options to extend for: (i) 2 years & 5 months; and (ii) 5 years.
Terms	Refer to Appendix "A" – Major Terms & Conditions.

Property Details	Ward:	27 - Toronto Centre-Rosedale
	Assessment Roll No.:	
	Approximate Size:	
	Approximate Area:	
	Other Information:	

A.	Deputy City Manager, Internal Corporate Services has approval authority for:	City Manager has approval authority for:
1. Acquisitions:	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
2. Expropriations:	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million.	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$10 Million.
3. Issuance of RFPs/REOIs:	<input type="checkbox"/> Issuance of RFPs/REOIs.	Delegated to a less senior position.
4. Permanent Highway Closures:	<input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.	Delegated to a less senior position.
5. Transfer of Operational Management to Divisions and Agencies:	<input type="checkbox"/> Transfer of Operational Management to Divisions and Agencies.	Delegated to a less senior position.
6. Limiting Distance Agreements:	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
7. Disposals (including Leases of 21 years or more):	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan:	<input type="checkbox"/> Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.	Delegated to a less senior position.
9. Leases/Licences (City as Landlord/Licensor):	<input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million.
	<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.	Delegated to a less senior position.
	<input type="checkbox"/> (c) Where compensation is less than market value, provided tenant and lease satisfy Community Space Tenancy Policy criteria set out in Item EX28.8, as adopted by Council on November 7, 8 and 9, 2017.	Delegated to a less senior position.
10. Leases/Licences (City as Tenant/Licensee):	<input checked="" type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million.
11. Easements (City as Grantor):	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
12. Easements (City as Grantee):	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
13. Revisions to Council Decisions in Real Estate Matters:	<input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (u)).	<input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (u)).
14. Miscellaneous:	<input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences	Delegated to a less senior position.
	<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. City Manager and Deputy Manager, Internal Corporate Services each has signing authority on behalf of the City for:

- Documents required to implement matters for which he or she also has delegated approval authority.

Deputy City Manager, Internal Corporate Services also has signing authority on behalf of the City for:

- Agreements of Purchase and Sale and all implementing documentation for purchases, sales and land exchanges not delegated to staff for approval.
- Expropriation Applications and Notices following Council approval of expropriation.

Consultation with Councillor(s)															
Councillor:	Kristyn Wong-Tam				Councillor:										
Contact Name:	Tristan Downe-Dewdney				Contact Name:										
Contacted by:	Phone	X	E-Mail		Memo		Other	Contacted by:	Phone		E-mail		Memo		Other
Comments:	Proceed				Comments:										
Consultation with Divisions and/or Agencies															
Division:	Court Services				Division:	Financial Planning									
Contact Name:	Philip Arhinson				Contact Name:	Patricia Libardo									
Comments:	Proceed				Comments:	Proceed									
Legal Division Contact															
Contact Name:	Soo Kim Lee														

DAF Tracking No.: 2018-066	Date	Signature
Recommended by: Manager, Real Estate Services, Daran Somas	Mar/12/2018	Sgd.\ Daran Somas
Recommended by: Director, David Jollimore	Mar/12/2018	Sgd.\ David Jollimore
<input type="checkbox"/> Recommended by: Deputy City Manager, Internal Corporate Services	Mar/14/2018	Sgd.\ Josie Scioli
<input type="checkbox"/> Approved by: Josie Scioli		
<input type="checkbox"/> 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. In the event of a vacancy in the Ward in which the subject property is located, the Mayor's office shall be consulted in the alternative.
- (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 as defined in the *Toronto Waterfront Revitalization Corporation Act, 2002* 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 of City Planning, 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, as leases of 21 years or more may be authorized based on the delegated Approving Authority for disposals in **A.7**.
- (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, including ancillary agreements, 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) 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.
- (aa) All residential leasing documents shall adhere to the *Residential Tenancies Act, 2006* and any successor legislation.
- (bb) Despite GC(n), Approving Authority in residential leasing matters is not limited to periods of less than twenty-one (21) years and total compensation in residential leasing matters where the City is landlord is to be calculated based on an assumed term of ten years unless the lease term expressly identified therein is longer.
- (cc) Where Approving Authority has been delegated to the Manager level, such authority shall be conditional upon the Manager first having secured the written concurrence of a second Manager within the Real Estate Services Division.

Appendix "A" – Major Terms & Conditions

2001 Lease: Extension and Amending Agreement

Leased Premises: Suite 115 (128 sf), Suite 200 (14,903 sf) and Suite 900 (14,479 sf).

Extended Term: Three (3) years commencing on January 1, 2019 and expiring on December 31, 2021.

Financial Implications:

Fiscal Year	2019	2020	2021
Basic Rent (Before HST)	\$427,895	427,895	427,895
Additional Rent (Before HST)	380,974	380,974	380,974
Total Net of HST Recovery (for Lease in)	\$823,105	823,105	823,105

Option to Extend: One (1) further term of two (2) years, having provided written notice to the Landlord of its intention to extend at least six (6) months prior to the expiration date of the Extended Term.

Tenant Termination Right: From and after **January 1, 2019**, the Tenant shall have the right to terminate the Lease at any time, by giving written notice of such termination to the Landlord. The written notice shall specify the termination date which shall be at least six (6) months after the written notice is given.

Demolition/Renovation: In the event the Landlord intends to demolish or substantially renovate the whole or part of the Property, the Landlord may terminate this Extension upon providing at least twelve (12) months prior written notice to the Tenant at any time after **December 31, 2018**. This termination provision shall survive and be valid through any renewal or extension options.

Municipal Capital Facility: Section 11 of the 2006 Lease Amendment continues to apply throughout the Extended Term.

2008 Lease: Lease Extension and Amending Agreement

Leased Premises: Suite 120 (16,972 sf)

Extended Term: Two (2) years and seven (7) months commencing on June 1, 2019 and expiring on December 31, 2021.

Financial Implications:

Fiscal Year	2019	2020	2021
Basic Rent (Before HST)	\$143,555	246,094	246,094
Additional Rent (Before HST)	127,813	219,109	219,109
Total Net of HST Recovery (for Lease in)	\$276,144	473,390	473,390

Options to Extend: Option to extend for two (2) years and five (5) months ("**First Extended Term**"), having provided written notice to the Landlord of its intention to extend at least six (6) months prior to the expiration date of the Extended Term.

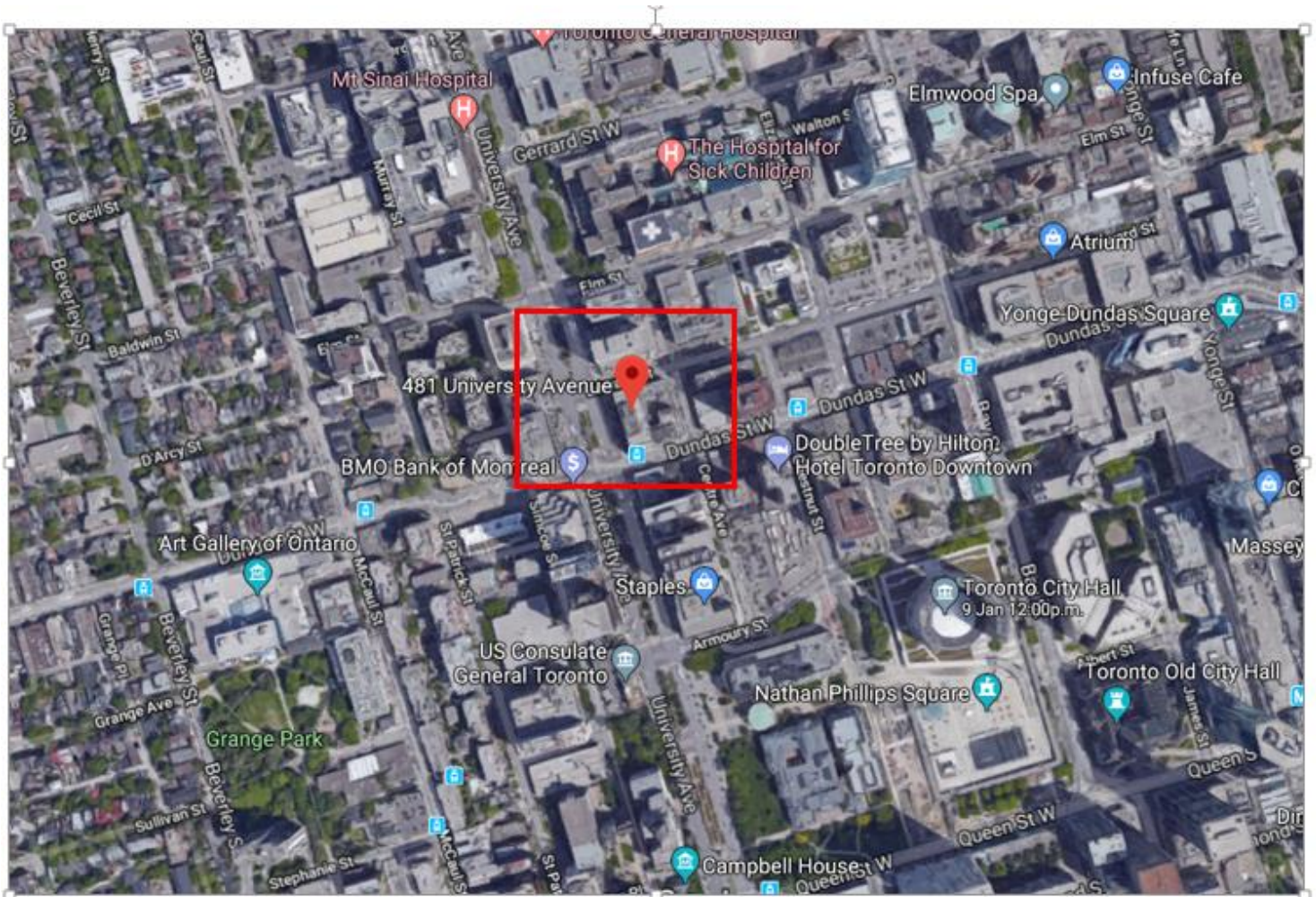
Further option to extend for five (5) years, having provided written notice to the Landlord of its intention to extend at least six (6) months prior to the expiration date of the First Extended Term.

Tenant Termination Right: From and after **January 1, 2019**, the Tenant shall have the right to terminate the Lease at any time, by giving written notice of such termination to the Landlord. The written notice shall specify the termination date which shall be at least six (6) months after the written notice is given.

Municipal Capital Facility: Section 19.08 of the Lease continues to apply throughout the Extended Term.

Landlord Termination Right: DAF 2017-015 authorized an early termination right in favor of the landlord, with payment of compensation to the tenant. The early termination right continues to apply throughout the extended term, and any extension thereof.

Appendix "B" – Location Map



Revised: Dec. 22, 2017