

**DELEGATED APPROVAL FORM
DIRECTOR, REAL ESTATE SERVICES
MANAGER, REAL ESTATE SERVICES**

TRACKING NO.: 2018-119

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
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Date Prepared:	January 25 th , 2018	Phone No.:	(416) 338-1297
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Purpose	To obtain authority to amend Delegated Approval Form 2017-315 (" DAF 2017-315 ") with respect to the total rental payments for the two (2) month extension term (" Extension ") and the resulting balance of realty tax overpayment to be reimbursed by the landlord to the City, between 1938364 Ontario Inc. (" Landlord ") and the City of Toronto.
Property	The freestanding single-storey building and surrounding surface parking area (" Premise ") at the property municipally known as 1117 Finch Avenue West, Toronto.
Actions	<ol style="list-style-type: none"> 1. Authority be granted to finalize the Lease Extension and Amending Agreement between the City and the Landlord for the Extension commencing January 1, 2018 and ending February 28, 2018, subject to terms and conditions outlined herein, and on such terms as may be satisfactory to the Director of Real Estate Services, and in a form acceptable to the City Solicitor; and 2. the Director of Real Estate Services or designate shall administer and manage the lease extension and amendment agreement including the provision of any consents, approvals, waivers, notices and notices of termination provided that the Chief Financial Officer may, at any time, refer consideration of such matter 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	<p>The total rent for the Extension, inclusive of minimum rent, operating costs, and utilities will be approximately \$131,563.50 plus HST, differing from \$127,998.35 plus HST stated in the DAF 2017-315. The City will not be required to pay the incremental amount of \$3,565.15 plus HST. The Landlord will apply/offset this amount of \$131,563.50 plus HST against the sum of \$227,456.68 owed by the Landlord to the City, with respect to realty tax overpayments by the City.</p> <p>The Acting Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>
Comments	Toronto Employment & Social Services (" TESS ") has been providing services in North York West at this location as a tenant of the Premises since 1995. Over time, the original lease, dated May 1, 1995 (" Lease "), has been renewed a number of times, the most recent of which will expire on December 31, 2017. TESS will be leaving the Premises and relocating to its new offices located at 1 York Gate Boulevard, Toronto. In order to accommodate the timing of the move to the new offices, TESS requires the Extension at the Premises. Real Estate Services staff, in consultation with the TESS staff, have negotiated with the Landlord the Extension of the Lease. All other terms and conditions of the existing lease and DAF 2017-315 shall remain the same except as outlined under "Appendix A – Changes to Major Terms and Conditions under DAF 2017-315" on page 4.
Terms	See "Appendix A – Changes to Major Terms and Conditions under DAF 2017-315" on page 4.

Property Details	Ward:	08 – York West
	Assessment Roll No.:	
	Approximate Size:	
	Approximate Area:	18,930 ft ² ±
	Other Information:	

A.	Manager, Real Estate Services has approval authority for:	Director, Real Estate Services 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 Divisions and Agencies:</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><input type="checkbox"/> Where total compensation does not exceed \$50,000.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$50,000.</p> <p>Delegated to a more senior position.</p> <p>Delegated to a more senior position.</p> <p>Delegated to a more senior position.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$50,000.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$50,000.</p> <p>Delegated to a more senior position.</p> <p><input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$50,000.</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>Leases pursuant to the Community Space Tenancy Policy delegated to a more senior position.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$50,000.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$50,000.</p> <p>Delegated to a more senior position.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$50,000.</p> <p>Delegated to a more senior position.</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><input type="checkbox"/> Issuance of RFPs/REOIs.</p> <p><input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.</p> <p>Delegated to a more senior position.</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><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 \$1 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>Leases pursuant to the Community Space Tenancy Policy delegated to a more senior position.</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 roads, 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 subject to General Condition (u)).</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"/> (c) 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/Caution</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. Director, Real Estate Services and Manager, Real Estate 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.
- Expropriation Applications and Notices following Council approval of expropriation (Manager, Acquisitions & Expropriations is only Manager with such signing authority).

Director, Real Estate 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.
- Community Space Tenancy Leases approved by delegated authority by Deputy City Manager, Internal Corporal Services and any related documents.

Consultation with Councillor(s)									
Councillor:	Councillor Anthony Perruzza					Councillor:			
Contact Name:	Councillor Anthony Perruzza					Contact Name:			
Contacted by:	Phone	X	E-Mail		Memo		Other		
Comments:	Proceed					Comments:			
Consultation with Divisions and/or Agencies									
Division:	Toronto Employment & Social Services					Division:	Financial Planning		
Contact Name:	Jeff Parkovnick					Contact Name:	Patricia Libardo		
Comments:	Proceed					Comments:	Proceed		
Legal Division Contact									
Contact Name:	Soo Kim Lee								

DAF Tracking No.: 2018-119	Date	Signature
Recommended by: Jin Han	March 8, 2018	
<input type="checkbox"/> Recommended by: Manager, Real Estate Services <input type="checkbox"/> Approved by: Daran Somas	Mar/23/2018	Sgd.\ Daran Somas
<input type="checkbox"/> Approved by: Director, Real Estate Services David Jollimore	Mar/26/2018	Sgd.\ David Jollimore

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 –
Changes to Major Terms and Conditions under DAF 2017-315**

Realty Tax Overpayment by the City:

1. The total rent for the Extension, inclusive of minimum rent, operating costs, and utilities will be approximately \$131,563.50 (= \$17,983.50* in Additional Rent + \$113,580 in Basin Rent) plus HST, differing from \$127,998.35 stated in DAF 2017-315.

**Calculations for the revised Additional Rent (including operating costs and utilities) for the Extension:
"Annual cost of \$5.70 per square foot" * "18,930 square feet" * "(2/12) months" = \$17,983.50*

2. The City shall not be required to pay: (i) rent for the month of December 2017 in the amount of **\$33,548.07**, which amount shall be off-set/applied to the Realty Tax Overpayment, as defined below; and (ii) Basic Rent or Additional Rent for the Extension in the total amount of **\$131,563.50**, which amount shall be off-set/applied to the Realty Tax Overpayment. The Basic Rent for the Extension is based upon \$36.00 per square foot of the Rentable Area of the Leased Premises of approximately 18,930 square feet, together with HST. The Additional Rent is based on the 2018 Operating Expenses, currently estimated at **\$5.70** per square foot per annum.

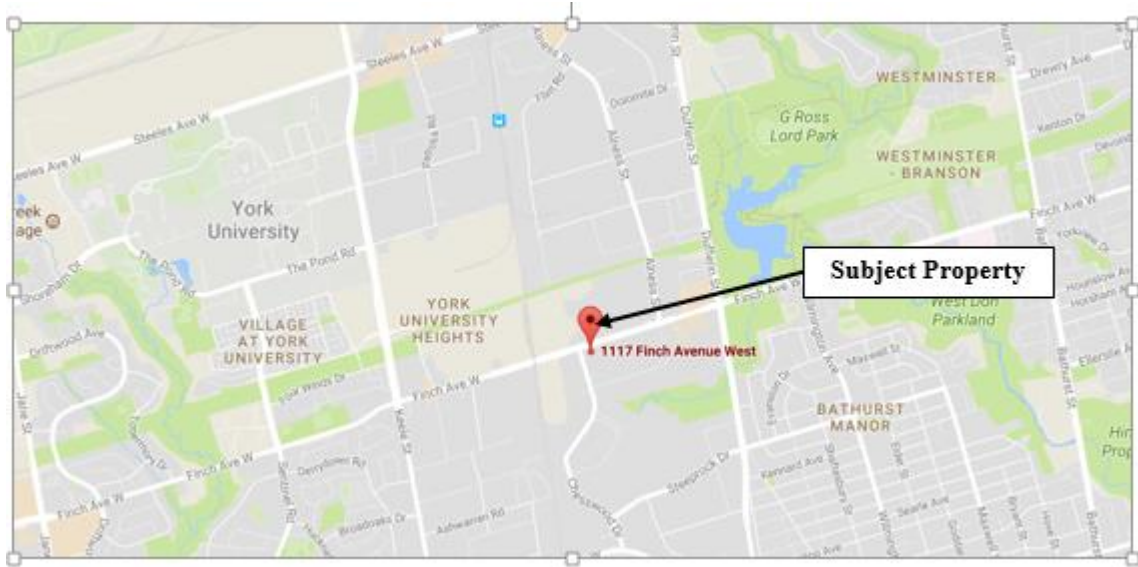
3. The Landlord agrees that the City has overpaid the amount of **\$227,456.68**, representing realty taxes for the period from October 1, 2015 to July 31, 2017 (the "**Realty Tax Overpayment**"). After off-setting/applying the amount of **\$33,548.07** and **\$131,563.50**, the balance of the Realty Tax Overpayment is the sum of approximately **\$62,345.11** (the "**Overpayment Balance**").

4. The Landlord shall reimburse the Overpayment Balance of \$62,345.11 plus \$2,182.08 [being interest at seven (7%) percent per annum] for a total of **\$64,527.19** in six (6) monthly payments and provide 6 **post-dated cheques** to the City, payable to **Treasurer, City of Toronto**, as follows:

Payment Date	Payment Amount
February 1, 2018	\$10,754.54
March 1, 2018	\$10,754.54
April 1, 2018	\$10,754.54
May 1, 2018	\$10,754.54
June 1, 2018	\$10,754.54
July 1, 2018	\$10,754.54

Notwithstanding anything contained herein, the Landlord's obligation to reimburse the Overpayment Balance to the City shall survive the expiry or termination of the Lease. In the event that the Landlord is in default of its obligation to reimburse the Overpayment Balance to the City, the outstanding amount of the Overpayment Balance together with interest thereon at the rate of Fifteen (15%) per cent per annum from the date of such default shall immediately become due and payable by the Landlord, and the City may exercise all of its legal remedies for the recovery of the same.

Appendix B – Location Map



Revised Dec. 22, 2017