

DELEGATED APPROVAL FORM

CITY MANAGER

DEPUTY CITY MANAGER, INTERNAL CORPORATE SERVICES

TRACKING NO.: 2018-225

Approved pursuant to the Delegated Authority contained in Item EX27.12, as adopted by City Council on October 2, 3 & 4, 2017, as amended by Item GM27.12, adopted by City Council on May 22, 23 & 24, 2018 or, where applicable, in Item EX28.8, as adopted by City Council on November 7, 8 & 9, 2017			
Prepared By:	Daniel Picheca	Division:	Real Estate Services
Date Prepared:	June 8, 2018	Phone No.:	416-392-6965
Purpose	To obtain authority to enter into (i) an assignment and consent agreement ; (ii) two (2) separate indemnity agreements; (iii) a surrender agreement relative to lower level storage units; and (iv) a new storage lease in order to effect the effective assignment of lease interests between the 2287177 Ontario Inc. (trade name: Sausage King), the City's tenant of Store No. 44 (the "Leased Premises") and its assignee 2624454 Ontario Limited to carry on business as Sausage King by Bespoke Butchers.		
Property	South St. Lawrence Market – Store No. 44 Storage Units (Lower Level): D3 and D4 92-95 Front Street East, Toronto, ON M5E 1C3 (location as shown on Schedules "A" and "B" attached hereto)		
Actions	<p>It is recommended that:</p> <ol style="list-style-type: none"> Authority is granted for the City to enter into: <ul style="list-style-type: none"> the Assignment and Consent with the Tenant, 2287177 Ontario Inc. and its Assignee, 2624454 Ontario Limited, effective June 17, 2018; and the Indemnity Agreement between the City and Ivan Waissbluth; the Indemnity Agreement between the City and Rahul Sarugaser; the Surrender of Storage Lease with the Tenant, 2287177 Ontario Inc.; and the Storage Lease with the Assignee, 2624454 Ontario Inc. <p>More particularly stipulated herein and substantially on terms and conditions outlined herein, and any such other terms and conditions deemed appropriate by the Deputy City Manager, Internal Corporate Services, and in a form acceptable to the City Solicitor.</p> <ol style="list-style-type: none"> The Director of Real Estate administer and manage the Agreement including the provision of any certificates of status, consents, approvals, waivers, notices and notices of termination provided that the Director of Real Estate Services may, at any time, refer consideration of such matters to City Council for its determination and direction. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto. 		
Financial Impact	<p>For the period from January 1, 2010 to December 31, 2019, total gross rent for the term of the lease is \$299,413.19</p> <p>Annual revenue to the City plus HST is as follows: \$29,582.09 for 2015, \$30,892.61 for 2016, \$32,268.65 for 2017, \$34,079.33 for 2018 and \$36,165.84 for 2019.</p> <p>The Interim Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>		
Comments	<p>The Market has been operated by the City of Toronto as a food market since 1903. Currently, 64 different tenants occupy approximately 47,000 square feet of rentable space in the Market.</p> <p>The Tenant has operated its business, Sausage King, in the Market for over 7 years, since 2011. The owner(s) are planning to downsize their operation and sell two of its business locations to its Assignee.</p> <p>The Assignee, 2624454 Ontario Inc has entered into an agreement to purchase the assets of the Tenant, including the name (Sausage King) from the Tenant (the "Purchase Agreement"). The Assignee will run the business under the name of Sausage King by Bespoke Butchers and has committed to maintain the quality and popularity of the business which is acceptable to St. Lawrence Market Management. Both partners have extensive experience running and operating high quality butcher and fine meat shops in other locations in Toronto. One of their flagship locations was located in a highly demanding Liberty Village area which adds to their skillset.</p> <p>In order to satisfy the terms of the Purchase Agreement, the City has been requested to enter into an Assignment and Consent Agreement together with a Storage Lease for lower level storage areas. This will ensure the continuity of the underlying Lease Agreement and Extension Agreement with the Tenant. Staff are further requiring that the two principals of the Assignee enter into Indemnity Agreements with the City in order to require personal obligation guarantees.</p> <p>The terms and conditions negotiated with the Assignee are, in the opinion of Real Estate Services staff, reasonable in the circumstances and the rates to be charged have been determined to be appropriate.</p>		
Terms	See Terms and Conditions outlined on page 4.		

Property Details	Ward:	28 – Toronto Centre Rosedale
	Assessment Roll No.:	
	Approximate Size:	
	Approximate Area:	436.84 square feet
	Other Information:	

Revised: May 28, 2018

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/REOLs:	<input type="checkbox"/> Issuance of RFPs/REOLs.	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 checked="" 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 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"/> (a) Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
	<input type="checkbox"/> (b) When closing roads, easements to pre-existing utilities for nominal consideration.	Delegated to a less senior position.
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	

☐ (j) Documentation relating to Land Titles applications

☐ (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:	Lucy Troisi	Councillor:	
Contact Name:	Tom Davidson	Contact Name:	
Contacted by:	<input checked="" type="checkbox"/> Phone <input type="checkbox"/> E-Mail <input type="checkbox"/> Memo <input type="checkbox"/> Other	Contacted by:	<input type="checkbox"/> Phone <input type="checkbox"/> E-mail <input type="checkbox"/> Memo <input type="checkbox"/> Other
Comments:	Concur	Comments:	

Consultation with Divisions and/or Agencies

Division:	Financial Planning	Division:	
Contact Name:	Patricia Libardo	Contact Name:	
Comments:	416-397-4217	Comments:	

Legal Division Contact

Contact Name:	Jennifer Davidson

DAF Tracking No.: 2018- 225	Date	Signature
Recommended by: Daniel Picheca – Acting Manager, Real Estate	June 14, 2018	Signed by Daniel Picheca
Recommended by: David Jollimore - Director, Real Estate Services	June 14, 2018	For Signed by Tim Park
<input type="checkbox"/> Recommended by: Deputy City Manager, Internal Corporate Services <input checked="" type="checkbox"/> Approved by: Josie Scioli	June 14, 2018	Signed by Josie Scioli
<input type="checkbox"/> Approved by: Interim City Manager Giuliana Carbone		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.
- (dd) Where the City is transacting with a public agency, and such agency requires that an unqualified environmental indemnity be granted by the City, the authority to acquire property includes authority to grant such an indemnity, provided that the Phase I and Phase II environmental site assessments undertaken on behalf of the City have identified no significant environmental impacts or human health threats, with no, or minor action required ("Low Risk").

Main Terms and Conditions

The Lease and Storage Lease provides for the following main terms and conditions:

1. Tenant: 2287177 Ontario Inc. Ltd c.o.b. as Sausage King
2. Assignee: 26224454 Ontario Limited to carry on business as Sausage King by Bespoke Butchers
3. Leased Premises: Approximately 436.84 square feet (including store area and temporary area)
Storage Units: D3 (72.82 square feet) and D4 (30.8 square feet)_
4. Remainder of Extension Term: June 17, 2018 to December 31, 2019
5. Semi-gross rent:
 - a. In respect of the Leased Premises: the Assignee shall pay the City a semi-gross rent ("Semi-Gross Rent"), of \$69.41 per square foot of Rentable Area per annum, in equal monthly instalments in advance for 2018.
 - b.
 - c. In respect of the Storage Units: the Assignee tenant shall pay to the City Semi-Gross Rent of \$39.75 per square foot for 2018.
 - d. Semi-Gross Rent for both areas will be subject to a 5% increase in 2019.
6. Use: The Tenant shall use the Leased Premises for the sale at retail of:
 - A wide variety of sausages and meats produced or prepared on or off the Leased Premises, including chicken, veal, pork, lamb, beef and meat products such as meat pies, veal, cutlets and chicken briskets, and as ancillary use only the sale of specialty European canned products, prepared sauerkraut, pickles and relishes and sauces and dressings for meats and barbecues and the sale of sandwiches (including fried sausage and meat sandwiches and drinks provided the sale of sandwiches and drinks is limited to Fifteen Percent (15%) of the Leased Premises).
 - The tenant may also sell Sausage King souvenir items provided no more than two such items are on sale at any one time and provided further that both the Tenant's name and the St. Lawrence Market name are displayed on those products.

The Tenant shall not use the Leased Premises for any other purposes whatsoever.

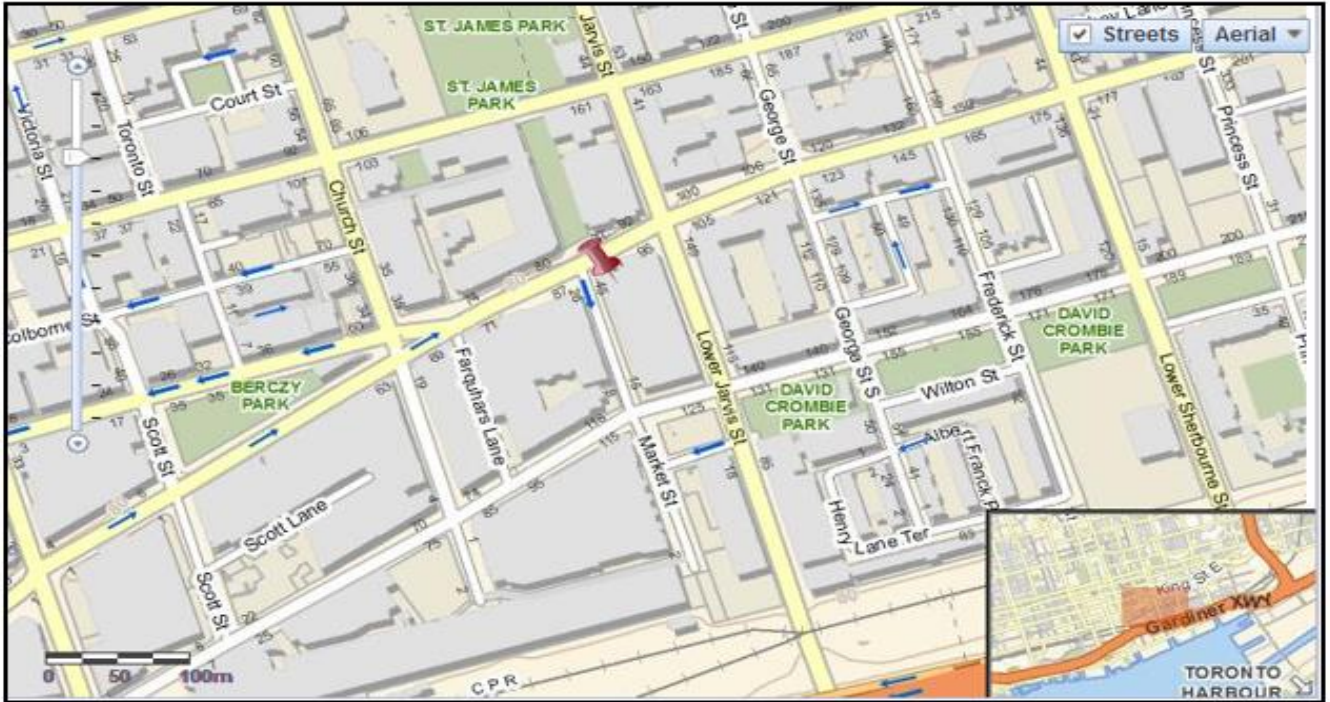
7. Insurance: The Tenant shall throughout the Term, at its sole cost and expense, take out and keep in full force and effect, with the Landlord as an additional insured, all risks property insurance, business interruption insurance, crime insurance, and commercial general liability insurance including products liability, personal injury, employer's/and contingent employer's liability, tenant's legal liability, blanket contractual liability and provisions for cross liability and severability of interests and non-owned automobile liability with limits of not less than Two Million Dollars (\$2,000,000.00) per occurrence.
8. Indemnity: standard comprehensive City indemnity of tenants.
- 1.
9. Indemnity Agreements: to be entered into by Ivan Waissbluth and Rahul Sarugaser (the "Indemnifier"), principals of the Assignee, 2624454 Ontario Limited providing that:
 1. The Indemnifier shall pay all rent, charges, and any other amounts payable by the Tenant under the Lease.
 2. The Indemnifier shall promptly perform and complete all of the terms, covenants, and conditions to be kept, observed, and performed by the Tenant under the Lease.
 3. The Indemnifier shall indemnify and save harmless the City from any loss, costs, or damages resulting from any default by the Tenant under the Lease.

Location Map

Schedule "A"

Map of South St. Lawrence Market
91 Front St. E., Toronto, ON

Street View

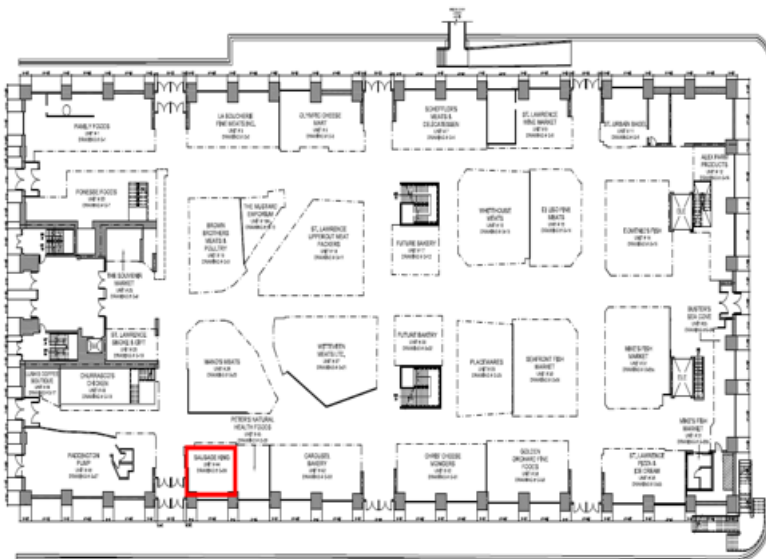
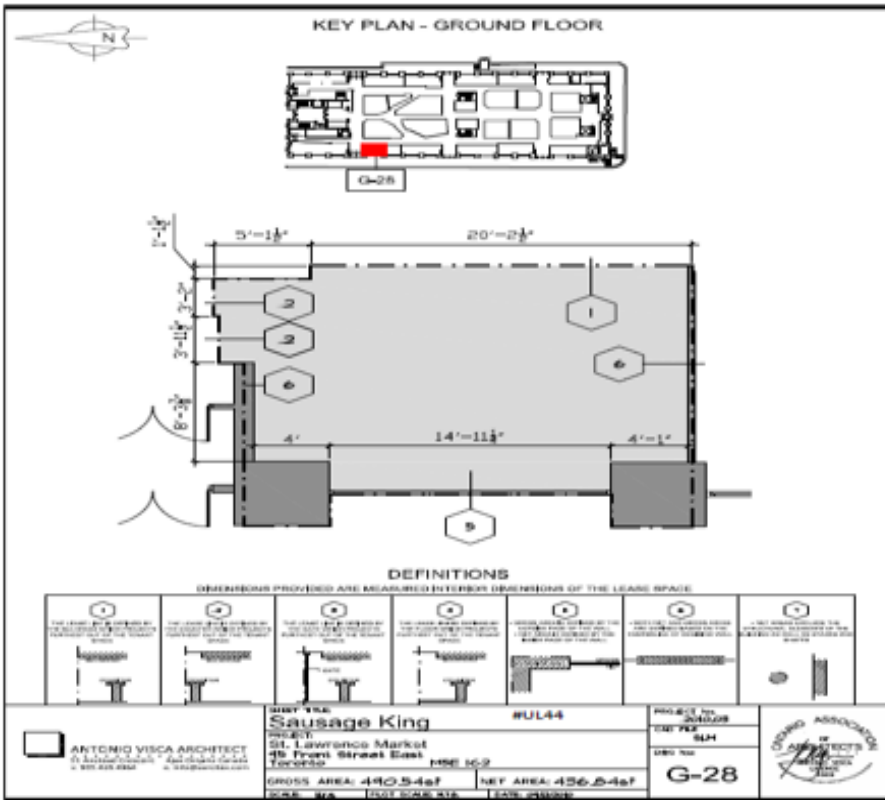


Aerial View



Schedule "B"

Floor Plan



GROSS FLOOR AREA = 48 610sf