



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

TRACKING NO.: 2018-243

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:	Jin Han	Division:	Real Estate Services
Date Prepared:	June 28 th , 2018	Phone No.:	(416) 338-1297
Purpose	To obtain authority for the City of Toronto (the " City ") to enter into an offer to lease (the " Offer ") followed by a lease agreement (the " Lease "), on behalf of the Toronto Transit Commission (the " TTC "), with 55 Yonge Portfolio Inc. (the " Landlord ") for a rentable area of approximately 6,622 square feet of office space at the property municipally known as 55 Yonge Street, Toronto.		
Property	55 Yonge Street, Toronto (the " Property ") as shown on the location map attached as Appendix "B". The premises to be leased to the City are Suite 103, comprising 3,234 square feet of Rentable Area, and Suite 104, comprising 3,388 square feet of Rentable Area (collectively the " Premises "), both shown as part of Appendix "C".		
Actions	<ol style="list-style-type: none"> 1. Authority be granted to enter into the Offer and then the Lease with the Landlord for the Premises for a term of ten (10) years 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 Lease, including the provision of any consents, certificates, approvals, waivers and notices of termination, provided that the Deputy City Manager, Internal Corporate Services, 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	<p>The total cost to the City for the 10 year term inclusive of basic rent, operating cost and realty tax, will be \$3,051,333.27 net of HST recoveries.</p> <p>Annual cost to the City, net of HST recoveries, is as follows: \$286,321 in 2019, \$286,321 in 2020, \$286,321 in 2021, \$286,321 in 2022, \$286,321 in 2023, \$323,946 in 2024, \$323,946 in 2025, \$323,946 in 2026, \$323,946 in 2027, and \$323,946 in 2028. Funding from the 2018 Council Approved Capital Budget and 2019-2027 Capital Plan for the TTC, under the following capital account CTT110, CTT012, CTT018, CTT020, CTT058, CTT146.</p> <p>The Interim Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>		
Comments	To accommodate TTC's need for additional office space for the siting of their construction project teams.		
Terms	See 'Appendix "A" – Major Terms & Conditions'.		
Property Details	Ward:	Ward 28 - 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:
<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:</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 \$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"/> Issuance of RFPs/REOIs.</p> <p><input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.</p> <p><input type="checkbox"/> Transfer of Operational Management to Divisions and Agencies.</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"/> 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 \$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 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.</p> <p><input checked="" type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.</p> <p><input type="checkbox"/> (a) Where total compensation does not exceed \$5 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 \$5 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/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 \$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>Delegated to a less senior position.</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 does not exceed \$10 Million.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (u)).</p> <p>Delegated to a less senior position.</p>

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:	Herb Pirk				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:	Toronto Transit Commission				Division:	Financial Planning									
Contact Name:	Paul Verscheure				Contact Name:	Patricia Libardo									
Comments:	Proceed				Comments:	Proceed									
Legal Division Contact															
Contact Name:	Dale Mellor														

DAF Tracking No.: 2018-243	Date	Signature
Recommended by: Manager, Real Estate Services	July/16/2018	Sgd.\Tim Park
Recommended by: Director, Real Estate Services	July/17/2018	Sgd.\ David Jollimore
<input type="checkbox"/> Recommended by: Deputy City Manager, Internal Corporate Services	July/18/2018	Sgd.\Josie Scioli
<input checked="" type="checkbox"/> Approved 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").

APPENDIX "A" – MAJOR TERMS & CONDITIONS

Tenant: City of Toronto (on behalf of the TTC)

Landlord: 55 Yonge Portfolio Inc.

Rentable Area of Premises:

1. Suite 103: 3,234 square feet
2. Suite 104: 3,388 square feet

Use: General office use.

Commencement Date: January 1, 2019

Term: Five (5) years.

Options to Extend: An option to extend for a period of five (5) years (the "Extended Term"), upon delivery of written notice to the Landlord, not less than twelve (12) months before the expiry of the Term.

Early Termination: At any time following the commencement of the Extended Term the Landlord shall have an option to terminate the Agreement on twelve (12) months prior written notice provided that the Premises are required in connection with any planned or proposed demolition, substantial renovation or sale of the Property.

Basic Rent: \$20.00 per square feet.

Estimated Additional Rent breakdown for 2018:

Realty Tax \$ 7.23
 Operating Costs \$11.04
City's Hydro \$ 4.22
 Total: \$22.49

Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Basic Rent (before HST)	132,440	132,440	132,440	132,440	132,440	149,844	149,844	149,844	149,844	149,844
Additional Rent (Before HST)	101,052	101,052	101,052	101,052	101,052	114,331	114,331	114,331	114,331	114,331
Total Net of HST Recovery (for Lease In	286,321	286,321	286,321	286,321	286,321	323,946	323,946	323,946	323,946	323,946

Total leasehold improvements:

\$529,760 fully paid in Year 1 of the Lease.

Municipal Capital Facility Agreement:

Provided Council grants satisfactory approval to this effect, the Landlord has agreed to enter at its sole cost and expense into the necessary municipal capital facility agreement with the City pursuant to Section 110(1) of the Municipal Act, 2001, as amended, in a form acceptable to the City Solicitor and legal counsel for the Landlord and to pass the full benefit of such exemption on to the City during the entire period of any such exemption. The City shall indemnify the Landlord harmless from and against any losses, charges, costs and expenses or any increase in realty taxes, all to the extent which the same arise directly out of the application and Council approval of any exemption as herein provided.

Parking: One (1) parking space at the then current monthly rate, subject to change from time to time; and one (1) parking space on a month-to-month basis, if available, with parking spaces located at either the Property or at 26 Wellington Street East.

Fair Wage & Labour Relations Contractual Obligations:

In completing the Landlord's Work at Tenant's Cost, the Landlord shall comply with the City's Fair Wage Policies and Labour Trades Contractual Obligations in the Construction Industry, as same may be amended from time to time. Prior to entering into any contract for work in relation to the Landlord's Work at Tenant's Cost, the Landlord shall forward information on the proposed contract as required by the City's Fair Wage Office, for review and written approval, which shall not be unreasonably withheld. For clarity, provided that the Landlord complies with the City's Fair Wage Policies and Labour Trades Contractual Obligations in the Construction Industry, the Landlord is not obligated to: 1) use a contractor which is not the Landlord's preferred contractor for building tie-ins; and, 2) use a contractor which will void (or risk voiding) any warranty.

Storage Space:

The Landlord shall grant to the City an exclusive licence for (1) storage area of approximately 150 square feet and (2) storage areas of approximately 75 square feet each, at a rate of \$25.00 per square foot per annum for the first year of the Term with an annual escalation of 3% for the Term and Extended Term.

APPENDIX "B" – LOCATION MAP



APPENDIX "C" – FLOOR PLANS



55 Yonge Street
Toronto, Ontario
Suite 103



APPENDIX "C" – FLOOR PLANS (continued)

