

**DELEGATED APPROVAL FORM
CITY MANAGER**

TRACKING NO.: 2018-271

DEPUTY CITY MANAGER, INTERNAL CORPORATE SERVICES

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:	Robin Chen	Division:	Real Estate Services
Date Prepared:	June 27, 2018	Phone No.:	416-392-1852

Purpose	To obtain authority to enter into a lease extension agreement (the "Lease Extension Agreement") between City of Toronto (the "Tenant") and 1243 ISLINGTON GP INC., (the "Landlord"), commencing January 1, 2018 and ending December 31, 2022 to lease approximately 9,716 square feet at 1243 Islington Avenue on behalf of Children Services.
Property	Suite 1100 - 1243 Islington Avenue, Toronto, ON
Actions	<ol style="list-style-type: none"> 1. authority be granted to extend the existing lease with the Landlord for the Property subject to the terms and conditions outlined on page 4 of this form and on such other 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 designate shall administer and manage the Lease Extension Agreement including the provision of any consents, approvals, waivers, notices and notices of termination provided that the Deputy City Manager, Internal Corporate Services may, at any time, refer consideration of such matter to City Council for its determination and direction; and 3. the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.
Financial Impact	<p>Total cost for the five year extension term is \$1,564,620.82 net of HST recovery. Annual cost to the City, net of HST recoveries are as follows: \$229,802 for 2018, \$238,396 for 2019, \$361,606 for 2020, \$365,442 for 2021 and \$369,374 for 2022.</p> <p>Funding is available in the 2018 Council Approved Operating Budget for the Children's Services under cost center EJ311A and future year expenditures will be accommodated for in future budgets.</p> <p>The Interim Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>
Comments	<p>By adoption of Report No. 19(33) on August 13, 14, 1997, the former Metropolitan Council approved a five year renewal of a lease commencing January 1, 1998 and ending December 31, 2002 with I.F. Propco Holding (Ontario) 28 Ltd for 9,605 square feet of space for use by Children's Services.</p> <p>Authority was granted by City Council to enter into a Lease & Amending Agreement as per Report No. 11(1) dated July 29, 30, & 31, 1998 for another five year term commencing January 01, 2003 and ending on December 31, 2007 including an amending the rentable area from 9,605 square feet to 9,716 square feet to accommodate Children's Services program needs.</p> <p>City Council granted authority via Report GM12.11 dated February 14, 2008 for a further lease renewal commencing January 01, 2008 and ending December 31, 2012, with an option to renew for a further term of five years.</p> <p>City Council further granted authority via Delegated Approval Form dated May 13, 2013 for a further lease renewal & extension commencing January 01, 2013 and ending December 31, 2017, with an option to renew for a further term of five years.</p>
Terms	Terms and conditions can be found on page 4 of this form

Property Details	Ward:	Ward 5 – Etobicoke Lakeshore
	Assessment Roll No.:	
	Approximate Size:	
	Approximate Area:	9,716 sq. ft.
	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/REOs:</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/REOs.</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 checked="" 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 type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.</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"/> 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>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million.</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><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>

<p>B. City Manager and Deputy Manager, Internal Corporate Services each has signing authority on behalf of the City for:</p> <ul style="list-style-type: none"> • Documents required to implement matters for which he or she also has delegated approval authority.
<p>Deputy City Manager, Internal Corporate Services also has signing authority on behalf of the City for:</p>
<ul style="list-style-type: none"> • 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:	Justin Di Ciano				Councillor:										
Contact Name:	Mary L. Campbell				Contact Name:										
Contacted by:	Phone	x	E-Mail		Memo		Other	Contacted by:	Phone		E-mail		Memo		Other
Comments:	Consent to Proceed (1/25/2018)				Comments:										
Consultation with Divisions and/or Agencies															
Division:	Children Services				Division:	Financial Planning									
Contact Name:	Nino Dodaro				Contact Name:	Patricia Libardo									
Comments:	Consent to Proceed (7/10/2018)				Comments:	Consent to Proceed (7/19/2018)									
Legal Division Contact															
Contact Name:	Soo Kim Lee (DAF reviewed 6/27/2018)														

DAF Tracking No.: 2018-271	Date	Signature
Recommended by: Manager, Real Estate Services Tim Park	July 19, 2018	Signed by Tim Park
Recommended by: Director, Real Estate Services	July 23, 2018	Signed by David Jollimore
<input type="checkbox"/> Recommended by: Deputy City Manager, Internal Corporate Services	July 23, 2018	Signed by Josie Scioli
<input checked="" 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.

Major Terms and Conditions for 1243 Islington Avenue Lease Extension

Landlord: 1243 ISLINGTON GP INC.

Tenant: City Of Toronto (Children's Services)

Property: 1243 Islington Avenue, 11th Floor Suite 1100

Demised Area: 9,716 square feet

Extension Term: 5 years commencing January 1, 2018 and ending December 31, 2022.

Option to Extend: Further option to extend the lease for an additional 5 years, to be exercised by written notice to the landlord, no later than **nine (9) months** prior to expiry of the Extension Term.

Basic and Additional Rent before HST:

Year	1	2	3	4	5	Total
Basic Rental Rate (\$/sq. ft.)	\$18.00	\$18.50	\$19.50	\$19.50	\$19.50	
Estimated additional Rent (\$/sq.ft)	\$14.77	\$15.14	\$15.52	\$15.91	\$16.30	
Gross Rent (\$/sq.ft)	\$32.77	\$33.64	\$35.02	\$35.41	\$35.80	
Annual Basic Rent	\$82,586.00	\$87,444.00	\$189,462.00	\$189,462.00	\$189,462.00	\$738,416.00
Estimated Annual Additional Rent	\$143,505.32	\$147,092.95	\$150,770.28	\$154,539.53	\$158,403.02	\$754,311.11
Gross Annual Rent	\$226,091.32	\$234,536.95	\$340,232.28	\$344,001.53	\$347,865.02	\$1,492,727.11
Annual Parking	\$15,120.00	\$15,120.00	\$15,120.00	\$15,120.00	\$15,120.00	\$75,600.00
Total	\$241,211.32	\$249,656.95	\$355,352.28	\$359,121.53	\$362,985.02	\$1,568,327.11
Free Basic Rent (6 months)	-\$15,383.67	-\$15,383.67				-\$30,767.33
Total After Free Basic Rent	\$225,827.65	\$234,273.29	\$355,352.28	\$359,121.53	\$362,985.02	\$1,537,559.77

Free Rent Allowance: The City will be granted six (6) months of free basic rent in the first year and another six (6) months of free basic rent in the 2nd year. The free rent is reflected in the table above.

Estimated Additional Rent: increased from \$12.93 to \$14.77 per square foot per year, due to amortization of costs for a structural building upgrade.

Landlord's Work: The Landlord will replace the Security Card System at the Property.

Realty Taxes: City Council, at its meeting of May 19, 2011 enacted By-law No. 641-2011 authorizing the City to enter into an agreement with the Landlord for the provision of a municipal capital facility at the Premises. The Landlord has signed the agreement and will rebate the City for realty taxes once MPAC has processed the approval to change of status.

General Liability Insurance: The Tenant maintains general public liability insurance in which the coverage maintained is of a value not less than \$5,000,000.00.

Parking: The Tenant shall have 9 dedicated parking spaces. The monthly parking for each space will be \$140.00 plus HST. The annual cost will be \$15,120.00 plus HST.