

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

TRACKING NO.: 2018-248

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:	Daran Somas	Division:	Real Estate Services
Date Prepared:	July 25, 2018	Phone No.:	416 397 7671

Purpose To obtain authority to enter into a three (3) year lease agreement with Masco Design Ltd. for approximately 1,961 square feet of warehouse space.

Property 705 Progress Avenue, Unit 3a, as described within Schedule A

- Actions**
1. authority be granted to enter into a lease with Masco Design Ltd. as Tenant for approximately 1,961 square feet of warehouse space for a three (3) year Term, substantially on the terms and conditions outlined herein 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 agreement including the provisions of any consents, approvals, waivers, notices and notices of termination provided that the Deputy City Manager, Internal Corporate Services, 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 The total revenue from the lease agreement is estimated to be \$34,317.50 net of HST, the equivalent of \$6.00 per square foot for year 1 with 2 months net free rent \$6.25 per square foot for year 2 and 3, with an estimated additional rent of \$31,709.37, equivalent of \$5.39 per square foot for year 1 to 3. Annual revenue to the City is as follows; \$13,096 in 2018, \$22,587 in 2019 and \$22,863 in 2020 and \$9,443 with the total compensation being \$66,026.87 for the lease term.

705 Progress Avenue is a jointly owned facility between the Toronto District School Board and the City of Toronto. All revenues collected are divided equally between both parties. According to the original decision in 1996, when the City of Scarborough acquired the property, the City's portion will be transferred to a dedicated parkland reserve fund (5% and 2% Land Acquisition Reserve Fund Scarborough – XR2007).

The tenant is responsible for his share of realty taxes, building insurance and maintenance, as well as all other occupancy costs including water, gas, hydro, heating and air conditioning.

The Interim Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.

Comments 705 Progress Avenue is an industrial mall type of property consisting of about 156,000 square feet acquired in August 1996 by the former City of Scarborough in partnership with the former Scarborough Board of Education. Pending development of the property as a future park and a school facility, it was decided to continue to lease the units to multiple tenants. The day-to-day operation of the property is assigned to Compass Commercial Realty Limited under a management agreement. There are no plans at the present time to carry out the intended uses by the City and the Board for the property.

Terms Please see page 4 for more details

Property Details	Ward:	38-Scarborough Centre
	Assessment Roll No.:	
	Approximate Size:	1,961 sf
	Approximate Area:	
	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/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 \$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>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/REOs.</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 checked="" 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 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>
<p>B. Director, Real Estate Services and Manager, Real Estate 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. • Expropriation Applications and Notices following Council approval of expropriation (Manager, Acquisitions & Expropriations is only Manager with such signing authority). 		
<p>Director, Real Estate 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. • Community Space Tenancy Leases approved by delegated authority by Deputy City Manager, Internal Corporal Services and any related documents. 		

Consultation with Councillor(s)										
Councillor:	Glenn De Barenaecker					Councillor:				
Contact Name:	Farnaz Patel					Contact Name:				
Contacted by:	Phone	E-Mail	Memo	Other		Contacted by:	Phone	E-mail	Memo	Other
Comments:	Consent					Comments:				
Consultation with Divisions and/or Agencies										
Division:						Division:	Financial Planning			
Contact Name:						Contact Name:	Patricia Libardo			
Comments:						Comments:	Consent			
Legal Division Contact										
Contact Name:	Dina Marcutti									

DAF Tracking No.: 2018 - 248	Date	Signature
<input checked="" type="checkbox"/> Recommended by: Manager, Real Estate Services Tim Park	July 26, 2018	Signed by Tim Park
<input type="checkbox"/> Approved by:		
<input checked="" type="checkbox"/> Approved by: Director, Real Estate Services David Jollimore	July 30, 2018	Signed by 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.
- (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").

Terms and Conditions

Rent: Year 1 Net Rent of \$11,766 (\$6.00/sq/ft)
 Year 2-3 Net Rent of \$24,512.50 (\$6.25/sq.ft.)

Fiscal Year	2018	2019	2020	2021
Basic Rent (Before HST)	\$6,898	\$12,034	\$12,276	\$5,070
Additional Rent (Before HST)	\$6,197	\$10,553	\$10,587	\$4,373
Total Before HST	\$13,096	\$22,587	\$22,863	\$9,443

Additional Rent: Year 1-3 Additional Rent of \$31,709.37 (\$5.39/sq.ft)

Area: 1,961 sq. ft.

Term: 3 years (June 1, 2018 – May 31, 2021)

Use: The Leased Premises shall be used and shall continually be operated throughout the term for the preparation and assembly of interior finishes to be used by the tenant in its home renovation and construction business.

The tenant acknowledges that is responsible to control any sawdust generated in a manner that meets the standards of any governing body eg. ministry of labour, fire department etc. and in a manner that is acceptable to the Landlord.

Net Rent Free Period: 2 months (June 1, 2018 – July 31, 2018)

Landlord's Work: None.

Deposit: The Landlord has received a deposit for last month's rent in the amount of \$4,252.74.

Option to Renew: N/A

Termination Clause: By the Landlord only with six months written notice

NSF Fee: \$100.00 per NSF Cheque.

Late Payment Charge: \$1.25% per month or \$15% per annum.

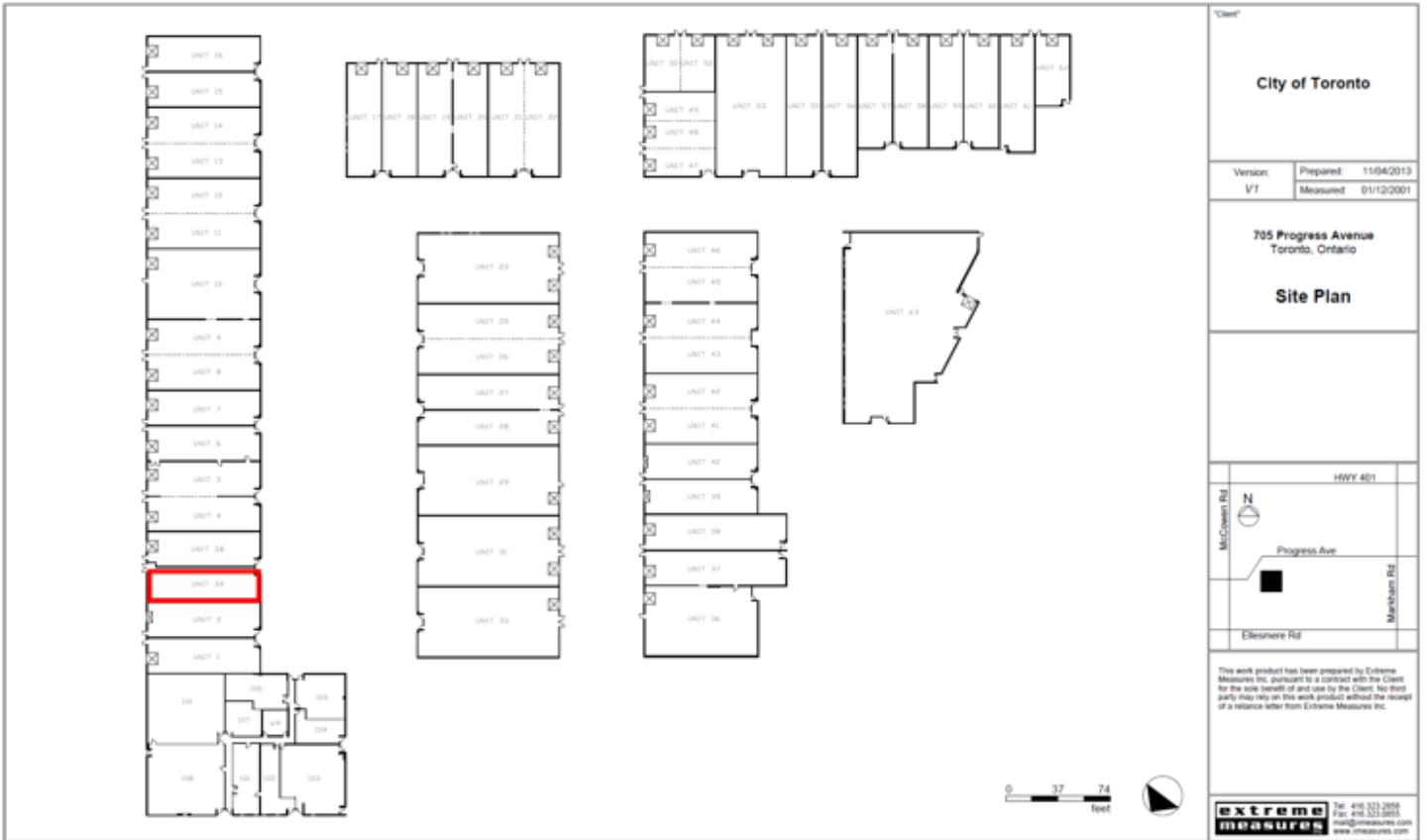
Payment: Tenant to enroll in Pre-Authorized Debit for monthly rent payments.

Water Heater: The Tenant agrees to be responsible for the installation and rental of its own water heater, and any related costs. If there is an existing heater present, then the Tenant shall be responsible for the cost of repair and/or replacement, including any related costs.

Truck Parking: Tenant may park a maximum of one truck (a trailer on its own will count as one transport truck) at the rear door which belongs to unit 3a, or as designated by the Landlord in its sole discretion and from time to time. The Tenant shall not park its service trucks at the front of the unit.

Employee and Visitor Parking: Between the hours of 8:00 am and 6:00 pm, Monday through to Friday, the tenant, its employees and the tenant's visitors may park in total a maximum of four (4) vehicles in the common area parking.

Schedule A
Location Map



Mudie
MANAGEMENT LTD.

755 Progress Centre, Unit 62
Toronto, Ontario M1H 2X1
tel: 416-432-1111 fax: 416-432-1118
e-mail: mudie@pmc.abn.com

Version 1.0 | December 2001

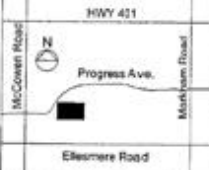
**705 Progress Ave.
Scarborough On.
M1H 2X1**

Unit 3a

Areas

1,961 sq ft

Location Map

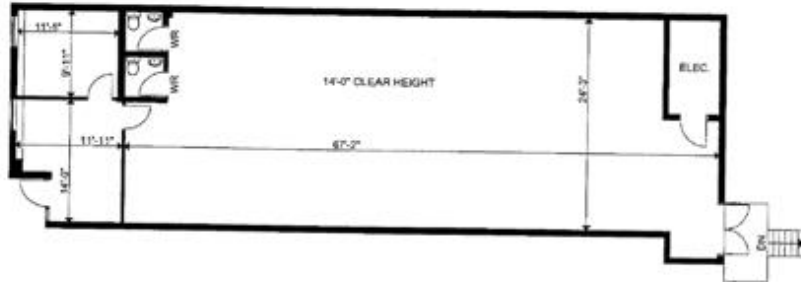


Drawing Scale



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Laser Technology

