

**DELEGATED APPROVAL FORM  
CITY MANAGER**

**TRACKING NO.: 2018-369**

**DEPUTY CITY MANAGER, CORPORATE SERVICES**

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:	Robin Chen	Division:	Real Estate Services
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Date Prepared:	November 15, 2018	Phone No.:	416-397-7682
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<b>Purpose</b>	To obtain authority for the City as tenant to enter into a revised Lease Extension and Amending Agreement with 3052690 Nova Scotia Limited ("the Landlord") for the continued use by Toronto Employment & Social Services of the premises at 220 Attwell Drive, and to deliver to the Landlord and the Landlord's mortgagee a Tenant's Acknowledgement Certificate, including an attornment provision.
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<b>Property</b>	Approximately 27,437 ft <sup>2</sup> in the building located on the property municipally known as 220 Attwell Drive (the "Leased Premises"), as illustrated in Appendix "A".
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<b>Actions</b>	<ol style="list-style-type: none"> <li>The City enter into the Lease Extension and Amending Agreement (the "Agreement ") with the Landlord for a term of 5 years and 6 months with an additional option to extend of five (5) years, substantially on the terms and conditions set out in Appendix "B", and on such other or amended terms and conditions acceptable to the Deputy City Manager, Corporate Services (the "DCM"), and in a form acceptable to the City Solicitor;</li> <li>The City execute and deliver a Tenant's Acknowledgement Certificate (the "Acknowledgement") to and for the reliance of the Landlord's mortgagee, confirming among other things the validity of the lease, as amended and extended (collectively, the "Lease"), the amount of rent payable under the Lease, the good standing and the due performance of all Lease obligations by both the Landlord and the City, and attorning to the Landlord's mortgagee upon request;</li> <li>The DCM or designate shall administer and manage the Agreement and the Acknowledgement, including the provision of any consents, approvals, waivers, notices and notice of termination, provided that the DCM may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction;</li> <li>The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.</li> </ol>
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<b>Financial Impact</b>	<p>The total estimated rental cost to the City, payable to the Landlord, for the initial term commencing June 1, 2017 and expiring November 30, 2022 is approximately \$1,487,832.70 (net of HST recoveries).</p> <p>If the five (5) year additional option to extend is exercised, the total estimated rental cost to the City payable to the Landlord would be approximately \$1,994,586.10 (net of HST recoveries). Therefore, the total estimated financial cost to the City over the potential 10.5 years of the lease would be \$3,482,418.80 (net of HST recoveries).</p> <p>Funding is available in the 2017 Council Approved Operating Budget for Toronto Employment &amp; Social Services (TESS) under cost centre C01205, and will be accommodated for in future Operating Budget submissions for Council consideration.</p>
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<b>Comments</b>	<p>The Deputy City Manager &amp; Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>
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<b>Comments</b>	<p>Toronto Employment &amp; Social Services (TESS) has been providing social and employment services at 220 Attwell Drive since 1995. The original leased space was for 20,397 ft<sup>2</sup> and was expanded in 2010 by 7,040 ft<sup>2</sup> to create the Leased Premises. TESS continues to require the Leased Premises to deliver services to its clients and supports the City entering into the Lease Extension and Amendment.</p>
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<b>Comments</b>	<p>DAF 2017-231, dated August 25, 2017, authorized the City to enter into a Lease Extension and Amending Agreement for the Leased Premises on the terms and conditions therein (the "2017 Agreement"). The Landlord was unable to obtain the written consent of its mortgagee to the 2017 Agreement and in the interim the parties have proposed certain changes to the 2017 Agreement, relating to the payment of a Rent Credit owed by the Landlord to the Tenant. The Agreement will supercede the 2017 Agreement.</p>
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<b>Comments</b>	<p>Real Estate Services considers the terms and conditions fair and reasonable.</p>
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<b>Terms</b>	<p>Please see Appendix "B".</p>
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<b>Property Details</b>	<b>Ward:</b>	2 – Etobicoke North
	<b>Assessment Roll No.:</b>	
	<b>Approximate Size:</b>	549 m <sup>2</sup> ± (27,437 ft <sup>2</sup> ±)
	<b>Approximate Area:</b>	
	<b>Other Information:</b>	

A.	Deputy City Manager, 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/REOIs:	<input type="checkbox"/> Issuance of RFPs/REOIs.	<b>Delegated to a less senior position.</b>
4. Permanent Highway Closures:	<input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.	<b>Delegated to a less senior position.</b>
5. Transfer of Operational Management to Divisions and Agencies:	<input type="checkbox"/> Transfer of Operational Management to Divisions and Agencies.	<b>Delegated to a less senior position.</b>
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.	<b>Delegated to a less senior position.</b>
9. Leases/Licences (City as Landlord/Licensor):	<input 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.	<b>Delegated to a less senior position.</b>
	<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.	<b>Delegated to a less senior position.</b>
10. Leases/Licences (City as Tenant/Licensee):	<input checked="" 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.	<b>Delegated to a less senior position.</b>
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	<b>Delegated to a less senior position.</b>
	<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	
	<input type="checkbox"/> (j) Documentation relating to Land Titles applications	
	<input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds	

<b>B. City Manager and Deputy Manager, Corporate Services each has signing authority on behalf of the City for:</b>
<ul style="list-style-type: none"> <li>• Documents required to implement matters for which he or she also has delegated approval authority.</li> </ul>
<b>Deputy City Manager, Corporate Services also has signing authority on behalf of the City for:</b>
<ul style="list-style-type: none"> <li>• Agreements of Purchase and Sale and all implementing documentation for purchases, sales and land exchanges not delegated to staff for approval.</li> </ul>
<ul style="list-style-type: none"> <li>• Expropriation Applications and Notices following Council approval of expropriation.</li> </ul>

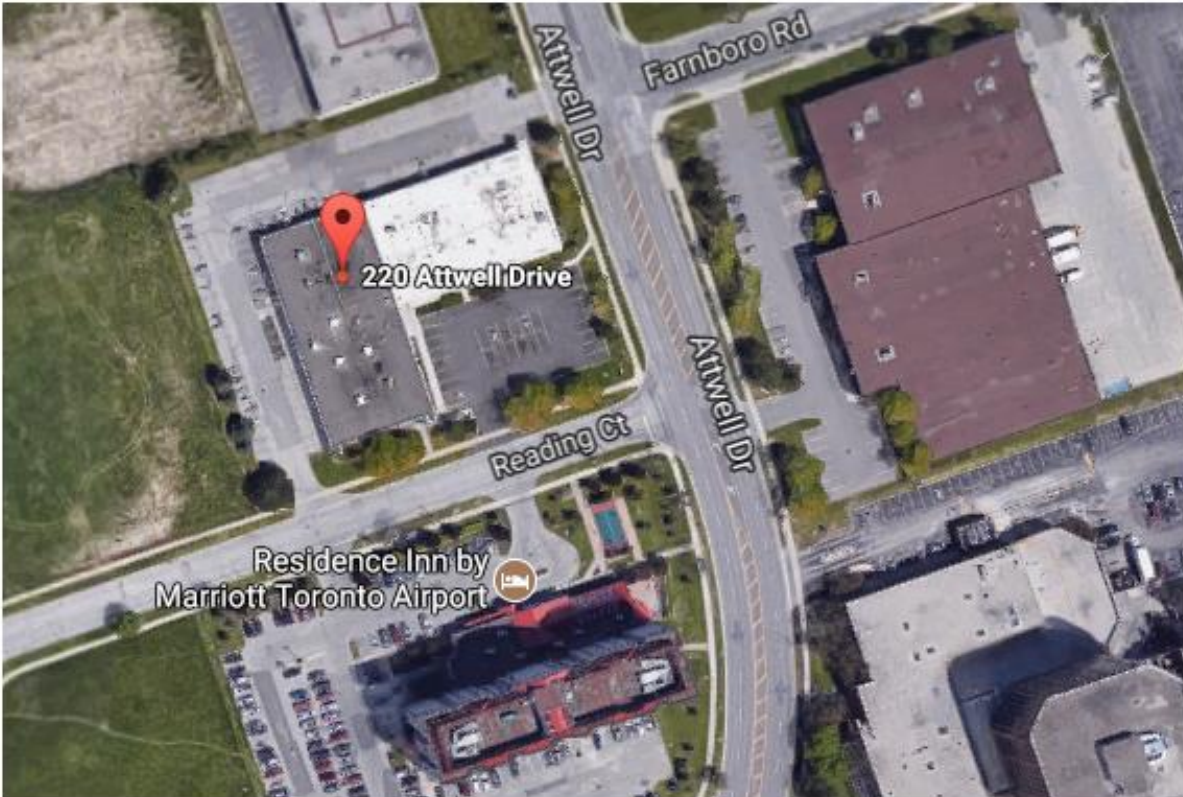
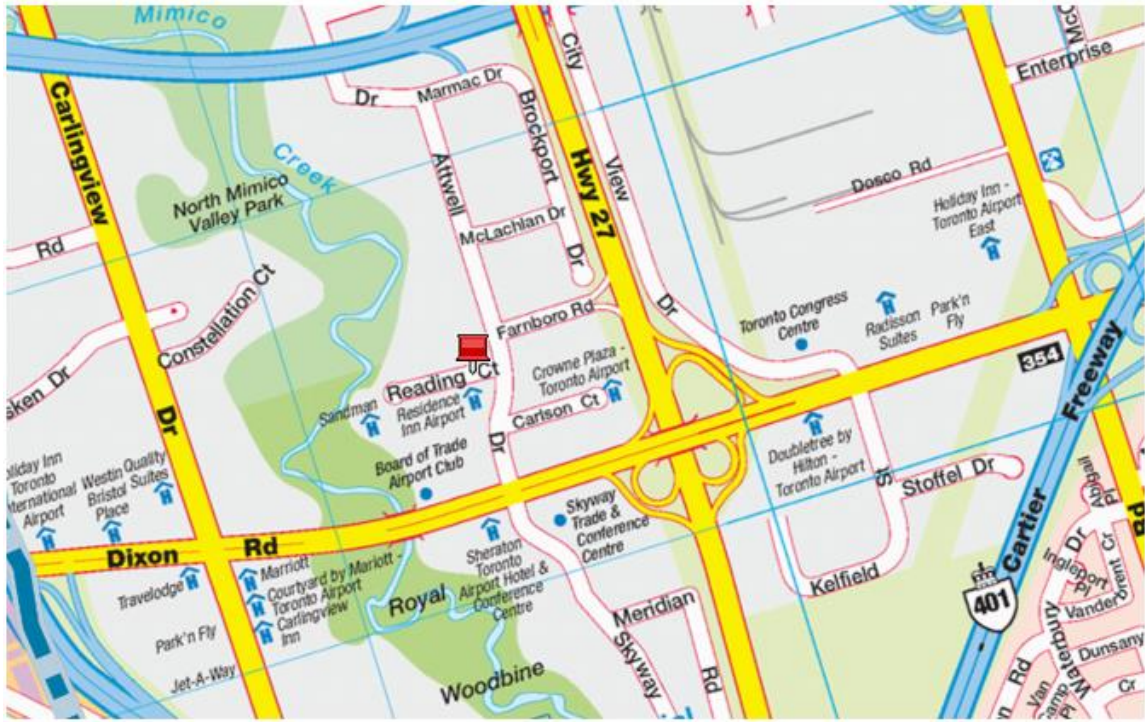
Consultation with Councillor(s)															
Councillor:	Michael Ford				Councillor:										
Contact Name:	Dan Jacobs				Contact Name:										
Contacted by:	Phone	x	E-Mail		Memo		Other	Contacted by:	Phone		E-mail		Memo		Other
Comments:	No objection				Comments:										
Consultation with Divisions and/or Agencies															
Division:	Toronto Employment & Social Services				Division:	Financial Planning									
Contact Name:	Ilir Shijaku				Contact Name:	Filisha Jenkins/Meng Liu									
Comments:	Proceed				Comments:	Concurs with Financial Impact									
Legal Division Contact															
Contact Name:	Jack Payne														

DAF Tracking No.: 2018- 369	Date	Signature
Recommended by: Manager, Real Estate Services	Nov. 21, 2018	Signed by Daran Somas
Recommended by: Director, Real Estate Services	Nov. 22, 2018	Signed by Tim Park
<input type="checkbox"/> Recommended by: Deputy City Manager, Corporate Services <input type="checkbox"/> Approved by: Josie Scioli	Nov. 26, 2018	Signed by Josie Scioli
<input type="checkbox"/> Approved by: City Manager Chris Murray		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, 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 50M<sup>2</sup> 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": Location Map



## Appendix "B": Major Terms and Conditions

**Landlord:** 3052690 Nova Scotia Limited

**Tenant:** City of Toronto

**Leased Premises:** Approximately 27,437 ft<sup>2</sup> in the free-standing building and parking rights at the property municipally known as 220 Attwell Drive illustrated in Appendix "A".

**Term ("Extended Term"):** 5 years and 6 months commencing June 1, 2017 and expiring November 30, 2022.

**Option to Extend ("Further Extended Term"):** 5 years, assuming the City has provided at least 6 months' written notice prior to the expiry of the Extended Term. The Minimum Rent for the Further Extended Term will be the then fair market minimum rent for similar properties.

**Minimum Rent:** \$9.50 per square foot per annum or \$260,651.50 per annum during the Extended Term. The Landlord has agreed to provide 6 months of free Minimum Rent.

**Additional Rent (Common Expenses):** estimated 2017 additional rent is \$2.73 per square foot per annum or \$74,866.00 per annum. In addition, the City is to pay realty taxes, if any, levied against the Leased Premises.

**Maximum annual escalation cap on Common Expenses:** 5% annual year over year maximum escalation

### Projects at the Leased Premises:

**Base Building Work:** the Landlord, at its sole cost, has agreed to undertake and complete improvements requested by the City and outlined in Schedule "A" of the Agreement, having an estimated total cost of \$52,762.00 plus HST.

**Tenant Work (Tenant Improvement Project):** The City has requested tenant improvements, including repainting and the installation of new carpets, as outlined in Schedule "A" of the Agreement, having a total cost of \$167,408.66 plus HST. The City is responsible for the costs of the Tenant Work.

**Tenant Inducement:** The City is not required to pay Minimum Rent for the first six (6) months of the Extended Term.

ii) **Rent Credit:** The Landlord owes the City a credit of \$576,343.60 resulting from outstanding additional rent reconciliations and realty tax exemptions pursuant to a Municipal Capital Facilities Agreement. The City will use this credit to pay for the cost of the Tenant Work. The amount of credit remaining after the City's share of the Tenant Work costs will be partly applied towards Minimum Rent and Additional Rent, with the remaining amount being paid by the Landlord as a lump sum.

**Fair Wage and Labour Trades Obligations in the Construction Industry Policies:** In completing the Base Building Work and Tenant Work, the Landlord will comply with the City's Fair Wage and Labour Trades Contractual Obligations in the Construction Industry Policies, as outlined in Schedule "B" of the Agreement.