

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

TRACKING NO.: 2018-361

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:	Christine Ho and Robin Chen	Division:	Toronto Parking Authority
Date Prepared:	November 9, 2018	Phone No.:	416-338-8957

Purpose	To obtain authority for the Toronto Parking Authority ("TPA") to enter into a lease extension agreement (the "Agreement") with 2371176 Ontario Inc. o/a Millie (the "Tenant") at 161 Baldwin Street Unit 6 (the "Subject Property") and Carpark 68 (refer to Appendix 'B' – Site Location Map and Appendix 'D' – Images of 161 Baldwin Street. The Tenant exercised a right to extend the existing lease, which commenced July 1, 2013, for a further (5) years. Through the Agreement, the Tenant shall have an option to extend for an additional five (5) years.
Property	Approximately 370 square feet of commercial space on the ground floor located on municipally at 161 Baldwin Street, Unit 1.
Actions	<ol style="list-style-type: none"> Authority to be granted for Toronto Parking Authority to enter a Lease Agreement with Millie for a term of five (5) years with an option to extend the term upon expiry for an additional five (5) years. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.
Financial Impact	<p>The Lease extension will generate a total of approximately \$284,911.17 revenue (excluding HST) for the ten (10) year term (from 2018 to 2028) including the proposed option period. The property taxes, operating and maintenance costs associated with the Property during the lease term will be paid by the Tenant.</p> <p>Actual expenses and revenues associated with this lease will be reported through the TPA's quarterly variance reports, and if required, related budgets will be subsequently adjusted through the annual budget process.</p> <p>The Chief Financial Officer has reviewed this DAF and agrees with the financial impact information</p>
Comments	At its meeting of February 21, 2017 (TPA Minute No. 17-029), TPA Board authorized staff to negotiate and enter into new tenant lease agreements and existing tenant lease renewals at Carparks 1, 26, 68, 216, 281, 282, 661, and 674 based on a set of pre-determined market leasing criteria to ensure efficiency during the leasing process. At the time, the leasing parameter at Carpark 68 was set at 5 to 10 years with a minimum net rent of \$32.00 per square foot.
Terms	<p>Extension Term – Five (5) years with an option to extend for an additional five (5) years</p> <p>Year 6 and 7 - \$50 per square foot - \$18,500 per annum, \$1541.67 per month</p> <p>Year 8 - \$52 per square foot - \$19, 240 per annum, \$1603.33 per month</p> <p>Year 9 - \$53 per square foot - \$19, 610 per annum, \$1634.16 per month</p> <p>Year 10 - \$54 per square foot - \$19, 980 per annum, \$1665 per month</p> <p><i>See page 4 for the other major terms and conditions.</i></p>

Property Details	Ward:	Ward 28 – Toronto Centre- Rosedale
	Assessment Roll No.:	1904-06-4-658-000300
	Approximate Size:	
	Approximate Area:	34.37 m ² ± (370 ft ² ±)
	Other Information:	Lease Extension

A.	Manager, Real Estate Services has approval authority for:	Director, Real Estate Services has approval authority for:
1. Acquisitions:	<input type="checkbox"/> Where total compensation does not exceed \$50,000.	<input type="checkbox"/> Where total compensation does not exceed \$1 Million.
2. Expropriations:	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$50,000.	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$1 Million.
3. Issuance of RFPs/REOs:	Delegated to a more senior position.	<input type="checkbox"/> Issuance of RFPs/REOs.
4. Permanent Highway Closures:	Delegated to a more senior position.	<input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.
5. Transfer of Operational Management to Divisions and Agencies:	Delegated to a more senior position.	Delegated to a more senior position.
6. Limiting Distance Agreements:	<input type="checkbox"/> Where total compensation does not exceed \$50,000.	<input type="checkbox"/> Where total compensation does not exceed \$1 Million.
7. Disposals (including Leases of 21 years or more):	<input type="checkbox"/> Where total compensation does not exceed \$50,000.	<input type="checkbox"/> Where total compensation does not exceed \$1 Million.
8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan:	Delegated to a more senior position.	<input type="checkbox"/> Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.
9. Leases/Licences (City as Landlord/Licensor):	<input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$50,000. <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. Leases pursuant to the Community Space Tenancy Policy delegated to a more senior position.	<input checked="" type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$1 Million. <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. Leases pursuant to the Community Space Tenancy Policy delegated to a more senior position.
10. Leases/Licences (City as Tenant/Licensee):	<input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$50,000.	<input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$1 Million.
11. Easements (City as Grantor):	<input type="checkbox"/> Where total compensation does not exceed \$50,000. Delegated to a more senior position.	<input type="checkbox"/> (a) Where total compensation does not exceed \$1 Million. <input type="checkbox"/> (b) When closing roads, easements to pre-existing utilities for nominal consideration.
12. Easements (City as Grantee):	<input type="checkbox"/> Where total compensation does not exceed \$50,000.	<input type="checkbox"/> Where total compensation does not exceed \$1 Million.
13. Revisions to Council Decisions in Real Estate Matters:	Delegated to a more senior position.	<input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (u)).
14. Miscellaneous:	Delegated to a more senior position.	<input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences <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/Caution <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. Director, Real Estate Services and Manager, Real Estate 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.
- Expropriation Applications and Notices following Council approval of expropriation (Manager, Acquisitions & Expropriations is only Manager with such signing authority).

Director, Real Estate 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.
- Community Space Tenancy Leases approved by delegated authority by Deputy City Manager, Internal Corporal Services and any related documents.

Consultation with Councillor(s)															
Councillor:	Councillor Joe Cressy					Councillor:									
Contact Name:	Lia Brewer					Contact Name:									
Contacted by:	Phone	x	E-Mail		Memo		Other	Contacted by:	Phone		E-mail		Memo		Other
Comments:	No Objections (October 12, 2018))					Comments:									
Consultation with Divisions and/or Agencies															
Division:	Toronto Parking Authority					Division:	Financial Planning								
Contact Name:	Ian Maher					Contact Name:	Patricia Libardo								
Comments:	Proceed(November 8, 2018)					Comments:	Proceed(November 1, 2018))								
Legal Division Contact															
Contact Name:	Vanessa Bacher (November 9, 2018)														

DAF Tracking No.:	Date	Signature
Concurred with by: Manager, Real Estate Services		
<input type="checkbox"/> Recommended by: Manager, Real Estate Services <input type="checkbox"/> Approved by:	Nov 21, 2018	Signed By: Daran Somas
<input type="checkbox"/> Approved by: Director, Real Estate Services	Nov 22, 2018	Signed By: Tim Park

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'
FINANCIAL IMPACT

<u>Fiscal Year</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Basic Rent (Before HST)	4,741	13,964	18,899	19,427	19,797	20,154	20,613	20,997	21,417	21,815	10,970
Operating Costs (Before HST)	1,145	2,291	2,343	2,387	2,434	2,480	2,536	2,583	2,635	2,684	1,350
Realty Tax (Before HST)	2,580	5,162	5,279	5,378	5,485	5,587	5,714	5,821	5,937	6,048	3,041
Additional Rent (Before HST)	517	1,034	1,057	1,077	1,099	1,119	1,145	1,166	1,189	1,211	609
Total Before HST	8,982	22,450	27,578	28,268	28,814	29,339	30,008	30,567	31,178	31,758	15,969

APPENDIX 'B'

SITE LOCATION MAP



APPENDIX 'C'
TERMS AND CONDITIONS

Term: Five (5) years commencing November 2018 or a commencement date mutually agreeable to both parties subject to approvals, with the Tenant having an option to renew for an additional five (5) years

Basic Rent:

Year 6 and 7 - \$50 per square foot - \$18,500 per annum, \$1541.67 per month

Year 8 - \$52 per square foot - \$19,240 per annum, \$1603.33 per month

Year 9 - \$53 per square foot - \$16,610 per annum, \$1,634.17 per month

Year 10 - \$54 per square foot - \$19,980 per annum, \$1,665 per month

Option to Extend:

The Tenant has the option to renew for a period of 5 years with basic rent being the fair market basic rent rate for comparable premises in the area, provided that in no event shall such rate be less than the Basic Rent payable during the last 12 month period preceding to the commencement of the Extended Term.

Rent Free Period:

The tenant will be granted a rent free period for their tenant improvements. The Rent Free Period shall commence October 1, 2019 and expire February 28, 2019. During the Rent Free period, the Tenant shall pay for all waste and refuse removal, all utilities and all items of Additional Rent and applicable Rental

Security Deposit: \$3,206.67 (being the sum of \$1,541.67 plus HST for the first month of the extension term's rent and \$1,665 for the last month's rent of the term)

APPENDIX 'D'
SITE PHOTOGRAPHS

