

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

TRACKING NO.: 2019-025

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:	Irina Fofanova	Division:	Real Estate Services
Date Prepared:	January 23, 2019	Phone No.:	416-397-0806

Purpose
To obtain authority to enter into: (i) a Lease Agreement for Unit 313 (for use as a Constituency Office for Councillor Cynthia Lai); and (ii) a Lease Agreement for a Temporary Office at Unit 109 (collectively the "Agreements") with 2624237 Ontario Corp. (the "Landlord") for a space at Woodside Square, 1571 Sandhurst Circle. The temporary Office at Unit 109 consists of approximately 1000 square feet, with a term commencing on January 25, 2019 and expiring on April 30, 2019. The Lease Agreement for Unit 313 consists of approximately 650 sq.ft., with a term commencing on April 1, 2019 and expiring on November 30, 2022.

Property
1571 Sandhurst Circle, Unit 109 (Temporary Office) and Unit 313 (Constituency Office for Councillor Cynthia Lai), City of Toronto, Ontario

- Actions**
1. Authority be granted to enter into the Agreements with the Landlord, subject to the terms and conditions outlined in Appendix "A" herein, and on such other terms and conditions as may be satisfactory to the Deputy City Manager, Corporate Services, and in a form acceptable to the City Solicitor;
 2. The Director of Real Estate Services or his designate shall administer and manage the Agreement including the provision of any consents, approvals, amendments, waivers, notices and notices of termination provided that the Director of Real Estate 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
The total estimated cost to the City of Toronto for the combined term of three (3) years, ten (10) months and seven (7) days will be approximately \$79,323.00 (plus HST), of which \$67,767.00 (plus HST) is payable as gross rent, and \$11,556.00 (plus HST) as estimated utilities costs. If the option to extend for the next term of Council is exercised, the total cost to the City of Toronto over the initial term and the four (4) year extension will be approximately \$162,823.00 (plus HST).

Funding is available in the 2019 Staff Recommended Operating Budget for City Council under cost centre CNY023-6610000000, subject to Council approval.

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

Comments
At its meeting on July 11, 12 and 13, 2012, City Council adopted and amended report EX21.9 "Policy Changes to Councillor Office Operations". In doing so, Council directed that the provision of a constituency office within a civic centre (including City Hall) or within the Councillor's respective ward be funded from the General Council Account and further that staff develop appropriate parameter for these spaces.

At its meeting on October 30, 31, and November 1, 2012, City Council adopted Recommendation 1 of report CC27.5 "Parameters for Councillor Constituency Offices" and approved the proposed parameters.

The proposed Lease Agreement enables Councillor Cynthia Lai to establish a constituency office in her Ward. The rent and other terms and conditions of the lease agreement reflect current market value according to market research and valuation conducted by the Real Estate Services.

Terms
Please see Page 4

Property Details	Ward:	23 – Scarborough North
	Assessment Roll No.:	
	Approximate Size:	
	Approximate Area:	60.39m ² ± (650 ft ² ±)
	Other Information:	

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"/> (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 three (3) months, including licences for environmental assessments and/or testing, etc.	<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.	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 checked="" 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.	<input type="checkbox"/> (a) Where total compensation does not exceed \$1 Million.
	Delegated to a more senior position.	<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, Transaction Services 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, Corporate Services and any related documents.

Consultation with Councillor(s)															
Councillor:	Cynthia Lai				Councillor:										
Contact Name:					Contact Name:										
Contacted by:	Phone	X	E-Mail		Memo		Other	Contacted by:	Phone		E-mail		Memo		Other
Comments:	No Objections				Comments:										
Consultation with Divisions and/or Agencies															
Division:	City Clerks				Division:	Financial Planning-									
Contact Name:	Lindsay Drake- January 10, 2019				Contact Name:	Mustufa Ghani -January 22, 2019									
Comments:					Comments:										
Legal Division Contact															
Contact Name:	Soo Kim Lee - January 22, 2019														

DAF Tracking No.: 2019-025	Date	Signature
Concurred with by: Manager, Real Estate Services		
<input checked="" type="checkbox"/> Recommended by: Acting Manager, Real Estate Services Daran Somas	Jan. 24, 2019	Signed by Daran Somas
<input type="checkbox"/> Approved by:		
<input checked="" type="checkbox"/> Approved by: Acting Director, Real Estate Services Tim Park	Jan. 24, 2019	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, 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 and Conditions

Landlord: 2624237 Ontario Corp.

Tenant: City of Toronto

Property: Woodside Square, 1571 Sandhurst Circle, Units 109 (Temporary Office) and 313 (Constituency Office for Councillor Cynthia Lai, City of Toronto, Ontario

	Unit 109	Unit 313
Area of Leased Premises	1000 square feet	650 square feet
Term	2 months and 7 days	3 years and 8 months
Commencement Day	January 25, 2019	April 1, 2019
Gross Rent	\$1000 plus HST per month	(i) \$27.5 per sq. ft. x 650 = \$17,875 per year/\$1,489.58 per month plus \$193.60 HST; plus (ii) Utilities
Option to extend		One (1) option to extend for four (4) years upon the same terms and conditions except for gross rent to be agreed upon based on market value
Use	A Constituency Office or for general office uses	

Insurance: Tenant's General Commercial Liability Insurance, with the minimum of five million (\$5,000,000.00) dollar coverage.

First and Last months' rent: Landlord requires payment of first and last months' rent, in the amount of \$3,366.46 (\$1,489.58 plus \$196.30 HST x 2 months).

Early Termination: The Lease shall terminate, if for any reason, Councillor Cynthia Lai's term as a Member of the City Council should end.

Municipal Capital Facilities Agreement: The Landlord acknowledges that the Tenant has the right, in its discretion, to request the Council of the City of Toronto ("City Council") to exempt the Leased Premises from taxation for municipal and school purposes under section 252 of the City of Toronto Act, 2006 and O. Reg. 598/06, both as amended, if the Tenant considers that the Leased Premises will be or are being used as a municipal capital facility. In the event that City Council passes a by-law for such an exemption, the Landlord and the Tenant shall be bound by the terms and conditions of the Municipal Capital Facility Agreement (the "MCF Agreement") attached as a Schedule to the Lease as of the date of the by-law coming into force or the date when the term of the Lease commences, whichever is later. The Tenant shall notify the Landlord of the passage of the by-law. The Landlord agrees to pass the full benefit of such exemption on to the Tenant during the entire period of any such exemption, with the Tenant at its option taking such benefit as: (i) a rent credit or rent adjustment, or (ii) such other manner as the Tenant acting reasonably and in the interests of transparency shall require.

Landlord's Conditions:

- (a) The Lease of Unit 313 is conditional upon the Landlord obtaining vacant possession of the Unit from the existing tenant/occupant on or before **March 1st, 2019**. If the Landlord fails to deliver vacant possession of the Premises to the Tenant by **April 1st, 2019** then, at the Landlord or the Tenant's option and by notice to each other, (i) the Lease Proposal and any agreement arising therefrom shall become null and void and neither party shall have any further recourse against the other, or (ii) the Tenant may extend its lease of Unit 109, to co-ordinate with the Commencement Date for Unit 313 as extended by mutual agreement of the parties.
- (b) The Lease of Unit 313 is conditional upon the Landlord obtaining necessary approval from City (in its capacity of municipal corporate authority), any Building Permit required for any Landlord's Work to be completed at the Landlord's cost, etc. on or before **March 1st, 2019**. If the Landlord acting in good faith is unable to complete such work and close the Building Permit for the Premises by **March 31st, 2019** then, at the Landlord's or the Tenant's option and by notice to each other, (i) this Lease Proposal and any agreement arising therefrom shall become null and void and neither party shall have any further recourse against the other, or (ii) the Tenant may extend its lease of Unit 109, to co-ordinate with the Commencement Date for Unit 313 as extended by mutual agreement of the parties.

Appendix "B"

Location Map and Plans of Leased Premises



