

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

TRACKING NO.: 2019-292

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:	Joe Corigliano	Division:	Real Estate Services
Date Prepared:	November 12, 2019	Phone No.:	392-1167

Purpose	To obtain authority to enter into a Lease Renewal and Amending Agreement (the "Agreement") with The Kensington Health Foundation (the "Landlord") for a five (5) years term for the continuing use of Suite 370 located at 340 College Street under the existing terms and conditions except for rent.
Property	340 College Street, Suite 370. (See page 4)
Actions	<ol style="list-style-type: none"> 1. Authority is granted to enter into the Lease Renewal and Amending Agreement substantially on the terms and conditions outlined below, and on such other or amended terms and conditions as may be satisfactory to the Director of Real Estate Services, and in a form acceptable to the City Solicitor. 2. The Director of Real Estate Services or designate shall administer and manage the Renewal Agreement including the provision of any consents, approvals, 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. 3. The appropriate City Officials are authorized and directed to take the necessary action to give effect thereto.
Financial Impact	<p>The total cost for the five (5) year term of the lease is \$322,261.88 (including HST) or \$290,206.80 (net of HST recoveries).</p> <p>Annual funding for 2019 in the amount of \$ 62,542.68 (including HST) or \$56,321.62 (net of HST recoveries), is available in the 2019 Council Approved Operating Budget for Toronto Public Health (TPH) under cost centre PH1079. Funding requirements for 2020-2024 will be included in future year TPH Operating Budget Submissions for Council consideration.</p> <p>The Chief Financial Officer & Treasurer has reviewed this DAF and agrees with the financial impact information.</p>
Comments	<p>In June of 2014 the lease was renewed for an additional 5 year term highlighted in DAF 2014-056, from April 1, 2014 to March 31, 2019. This has now expired</p> <p>Real Estate Services staff, in consultation with Public Health, have negotiated the terms of the new five (5) extension with the Landlord as set out on page 4 of this form.</p> <p>Real Estate Services staff consider the proposed terms and conditions in the Agreement to be fair and reasonable.</p>
Terms	The rent and other terms and conditions of the proposed renewal agreement reflect current market value according to market research and valuation conducted by Real Estate Services staff.

Property Details	Ward:	Ward 11 – University Rosedale
	Assessment Roll No.:	
	Approximate Size:	
	Approximate Area:	1,690 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:	Mike Layton				Councillor:				
Contact Name:	Mike Layton				Contact Name:				
Contacted by:	Phone	<input checked="" type="checkbox"/>	E-Mail		Memo		Other		
Comments:	No Objections (10/22/19)				Comments:				
Consultation with Divisions and/or Agencies									
Division:	Toronto Public Health (Dental Division)				Division:	Financial Planning			
Contact Name:	Teresa Defina (10/10/19)				Contact Name:	Filisha Jenkins			
Comments:	No Objections				Comments:	No Objections (10/18/19)			
Legal Division Contact									
Contact Name:	Wasył Moskal (with SKL) 11/07/19								

DAF Tracking No.: 2019- 292	Date	Signature
Concurred with by: Manager, Real Estate Services		
<input checked="" type="checkbox"/> Recommended by: Manager, Real Estate Services	Nov. 13, 2019	Signed by Daran Somas
<input type="checkbox"/> Approved by: Daran Somas		
<input checked="" type="checkbox"/> Approved by: Director, Real Estate Services Nick Simos	Nov. 14, 2019	Signed by Nick Simos

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").

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Major terms and conditions of the proposed Agreement are as follows:

Premises:

340 College Street, Suite 370, - approximately 1,690 square feet of office space on the third floor

Term:

Five (5) years, commencing on April 1, 2019 and ending on March 31, 2024.

Renewal rights:

The Tenant shall have the right to further renew the Lease for the whole of the Premises for a period of Five (5) years (the "Further Renewal Term"), upon delivery of written notice to the Landlord, not less than three (3) months before the expiry of the Renewal Term. The Further Renewal Term shall be on the same terms and conditions as the Renewal Term, save and except:

- a) There will be no further right to extend the Further Renewal Term and
- b) The Basic Rent for the further Renewal Term shall be the then fair market basic rent for comparable premises in the area, but in no event shall it be less than the rent payable during the Renewal Term.

If the parties are unable to agree on the Basic Rent for the Further Renewal Term on or before the date that is sixty (60) days prior to the commencement of the Further Renewal Term, then the tenancy shall come to an end and the tenant shall vacate the premises.

Basic Rent:

Fourteen Dollars and Fifty cents (\$14.50) per square foot or \$24,505.00 plus HST per annum for the period commencing April 1, 2019 and ending March 31, 2020.

Fifteen Dollars and Fifty cents (\$15.50) per square foot or \$26,195.00 plus HST per annum for the period commencing April 1, 2020 and ending March 31, 2023.

Sixteen Dollars and Fifty cents (\$16.50) per square foot or \$27,885.00 plus HST per annum for the period commencing April 1, 2023 and ending March 31, 2024.

Additional Rent:

All operating costs are estimated to be eighteen dollars and twenty-five cents (\$18.25) per square foot for the leased premises commencing April 1, 2019. With a demised area of 1,690 square feet, this translates into an estimated annual additional rent of Thirty thousand, eight hundred and forty-two dollars, fifty cents (\$30,842.50) per annum.

Basic Rent + Additional Rent Summary (incl. HST)

	Year 1	Year 2	Year 3	Year 4	Year 5
Basic Rent PSF	14.50	15.50	15.50	15.50	16.50
Additional Rent PSF	18.25	18.25	18.25	18.25	18.25
	\$ 32.75	\$ 33.75	\$ 33.75	\$ 33.75	\$ 34.75
	Year 1	Year 2	Year 3	Year 4	Year 5
Basic Rent	24,505.00	26,195.00	26,195.00	26,195.00	27,885.00
Additional Rent	30,842.50	30,842.50	30,842.50	30,842.50	30,842.50
Total Rent	\$ 55,347.50	\$ 57,037.50	\$ 57,037.50	\$ 57,037.50	\$ 58,727.50
HST on Rent	7,195.18	7,414.88	7,414.88	7,414.88	7,634.58
Total Rent Inc. HST	\$ 62,542.68	\$ 64,452.38	\$ 64,452.38	\$ 64,452.38	\$ 66,362.08
Grand Total (5 Years)	\$ 322,261.88				

Early Termination:

The City of Toronto (the "Tenant") shall have the option to terminate the Lease upon giving written notice of such Termination to the Landlord six (6) months prior to the termination date in order to terminate the lease and its tenancy.

Insurance:

The City at its own expense throughout the duration of the term, shall keep comprehensive general liability insurance, to a minimum limit of five million dollars (\$5,000,000) for each occurrence.

Management Fee

None applicable.

Location Map 340 College Street

