

DELEGATED APPROVAL FORM
CITY MANAGER
DEPUTY CITY MANAGER, CORPORATE SERVICES

TRACKING NO.: 2019-122

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:	Van Hua	Division:	Real Estate Services
Date Prepared:	May 7, 2019	Phone No.:	416 338 9572

Purpose	To obtain authority to enter into a Lease Amending Agreement (the "Amending Agreement") between the City of Toronto (the "Tenant") and The Independent Order of Foresters (the "Landlord") to reflect an increase in the square footage of the rentable area from 15,025 square feet to 15,123 square feet in accordance with an updated Certificate of Area, and to update Landlord's Work.
Property	789 Don Mills Road, (9 th Floor), Toronto Ontario, M3C 1T9 (See Appendix "B")
Actions	<ol style="list-style-type: none"> 1. Authority be granted to enter into a Lease Amending Agreement subject to the terms and conditions outlined in Appendix "A" of this form 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 Deputy City Manager, Corporate Services or designate shall administer and manage the Agreement including the provision of any consents, approvals, amendments, waivers, notices and notices of termination provided that the Deputy City Manager, Corporate 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	<p>With the revised square footage from 15,025 sq. ft. to 15,123 sq. ft. and the exclusion of the property tax component of Additional Rent, the updated rent cost to the City is \$49,475.51 (net of HST recoveries) for 2017, \$307,031.75 (net of HST recoveries) for 2018, \$366,104.32 (net of HST recoveries) for 2019 and \$305,086.94 (net of HST recoveries) for 2020, resulting in a decrease of \$140,513.91 (net of HST recoveries) over the three (3) year term approved under DAF 2017-086.</p> <p>Funding is available in the 2019 Council Approved Operating Budget for Toronto Employment and Social Services under cost centre C01233. Future year expenditures will be included in future Operating Budget submissions.</p> <p>The Chief Financial Officer & Treasurer has reviewed this DAF and agrees with the financial impact information.</p>
Comments	<p>Under the authority of Corporate Services Committee Report 11(1) dated July 29, 30, & 31, 1998 the City of Toronto entered into the initial lease dated October 1, 2003 for a term of five (5) years with an option to extend for four (4) more years. A further Lease Extension Agreement, dated November 1, 2008 was entered into for a term of four (4) years. A further Lease Extension Agreement, dated November 1, 2012 was entered into for a term of five (5) years with an option to extend. The latest Lease Extension Agreement dated August 1, 2017, for a three (3) year term commencing November 1, 2017 was entered into per DAF 2017-086. All these agreements had a Rentable Area of approximately 15,025 square feet. In January 2018, the City was provided with a Certificate of Area showing a Rentable Area of 15,123 square feet. The Amending Agreement will reflect the updated square footage with effective date of November 1, 2017 and the Basic and Additional Rent will be adjusted accordingly.</p> <p>DAF 2017-086 and the Lease Extension Agreement dated August 1, 2017 section 3(d) also listed Landlord's Work consisting of i. conduct an air quality test of the Demised Premises; ii. duct cleaning throughout the Demised Premises; and iii. air balance and calibration on the existing vav and induction units (the "Landlord's Work"). The Landlord's Work will be amended (see Appendix "A") to minimize interruption to the Tenant's operation.</p>
Terms	See Appendix "A" for the Major Terms and Conditions. All terms and conditions remain the same as the Lease Extension Agreement dated August 1, 2017 except for the Rentable Area square footage and Landlord's Work.

Property Details	Ward:	16 - Don Valley East
	Assessment Roll No.:	1908-10-1-230-00100
	Approximate Size:	
	Approximate Area:	1,405 m ² (15,123 ft ²)
	Other Information:	

A.	Deputy City Manager, Corporate Services has approval authority for:	City Manager has approval authority for:
<p>1. Acquisitions:</p> <p>2. Expropriations:</p> <p>3. Issuance of RFPs/REOIs:</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 \$5 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million.</p> <p><input type="checkbox"/> Issuance of RFPs/REOIs.</p> <p><input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.</p> <p><input type="checkbox"/> Transfer of Operational Management to Divisions and Agencies.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 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 type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$5 Million.</p> <p><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.</p> <p><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.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.</p> <p><input type="checkbox"/> (a) Where total compensation does not exceed \$5 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 \$5 Million.</p> <p><input checked="" 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/Cautions</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><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$10 Million.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p><input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (u)).</p> <p>Delegated to a less senior position.</p>

<p>B. City Manager and Deputy Manager, Corporate 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.
<p>Deputy City Manager, Corporate 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. • Expropriation Applications and Notices following Council approval of expropriation.

Consultation with Councillor(s)															
Councillor:	Denzil Minnan-Wong					Councillor:									
Contact Name:						Contact Name:									
Contacted by:	Phone	<input checked="" type="checkbox"/>	E-Mail		Memo		Other	Contacted by:	Phone		E-mail		Memo		Other
Comments:	Advised – 4.26.2019					Comments:									
Consultation with Divisions and/or Agencies															
Division:	Toronto Employment and Social Services					Division:	Financial Planning								
Contact Name:	Ilir Shijaku					Contact Name:	Patricia Libardo/Lauren Birch								
Comments:	No Objection – 4.18.2019					Comments:	No Objection – 5.7.2019								
Legal Division Contact															
Contact Name:	Joanne Franco – 4.26.2019														

DAF Tracking No.: 2019-122	Date	Signature
Recommended by: Manager, Real Estate Services, Daran Somas	May 5, 2019	Signed by Daran Somas
Recommended by: Director, Real Estate Services, Nick Somas	May 16, 2019	Signed by Nick Simos
<input type="checkbox"/> Recommended by: Deputy City Manager, Corporate Services	May 21, 2019	Signed by Josie Scioli
<input checked="" type="checkbox"/> Approved 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 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: The Independent Order of Foresters

Tenant: City of Toronto

Property: 789 Don Mills Road (9th Floor), Toronto ON

Term: Three (3) year term commencing November 1, 2017 and expiring October 31, 2020.

Further Option to Extend: One further option to extend for three (3) years upon 9 months written notice to the Landlord.

New Rentable Area: 15,123 square feet

Basic Rent: Years 1-3, \$9.00 per square foot.

Additional Rent: Estimated for 2018 to be \$12.19 per square foot and excludes property tax portion.

Municipal Capital Facility Agreement and Taxation Exemption: The Landlord and the Tenant entered into a Municipal Capital Facility Agreement dated February 28, 2012, with respect to tax exemption of the Demised Premises (the "MCFA"). The MCFA shall remain in full force and effect during the Extended Term of the lease as extended by the Lease Extension Agreement dated August 1, 2017 *In accordance with the MCFA, the Demised Premises are exempt from taxation for municipal and school purposes, and the estimated Additional Rent should not include any component or amount for municipal or school taxes.*

Financial Summary:

Under the previous square footage of 15,025 square feet, it was estimated that the total cost to the City of Toronto for the three (3) year term would be \$1,168,212.43 (net of HST recoveries) and if the option to renew is exercised, the total cost over six (6) years would be approximately \$2,406,964.52 (net of HST recoveries). Due to an increase of 98 square feet in the Rentable Area, effective November 1, 2017, and the exclusion of the property tax component from additional rent, the total cost to the City of Toronto for the three (3) year term is approximately \$1,027,698.52 (net of HST recoveries).

Landlord's Work:

Only those items enumerated below as Landlord's Work will be provided and installed by the Landlord in the Demised Premises at its expense in accordance with the Landlord's choice of materials. All other work required for the Demised Premises will be provided and installed by the Tenant at its expense.

- (a) conduct an air quality test of the Demised Premises no later than December 1, 2018 and thereafter such testing shall be conducted on a quarterly basis (notwithstanding the provisions of Section 5(c) of Schedule "C" of the Original Lease). Such testing shall be performed during the Tenant's business hours with minimal interruption to the Tenant's conduct of its business;
- (b) air balance and calibration on the existing vav and induction units, such work to be completed no later than December 1, 2018;
- (c) conduct diffuser cleaning no later than December 1, 2018 and thereafter such cleaning shall be conducted on a semi-monthly basis. Such cleaning shall be performed outside of the Tenant's business hours; and
- (d) deep cleaning of the entire Demised Premises (which will include, without limitation, furniture, surfaces and flooring) no later than December 1, 2018 and thereafter such cleaning shall be conducted on a semi-monthly basis. Such cleaning shall be performed outside of the Tenant's business hours;

Appendix "B"

Property: 789 Don Mills Road, Toronto ON M3C 1T9

