

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

TRACKING NO.: 2020-055

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:	Rutvik Pandya	Division:	Corporate Real Estate Management
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Date Prepared:	February 20, 2020	Phone No.:	416 338-5812
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Purpose
 To amend the authority granted in Delegated Approval Form 2019-155, executed August 23, 2019, and Delegated Approval Form 2019-326, executed November 7, 2019, in respect of the lease agreement with Daleena Technologies Inc. (the "**Tenant**") for the property municipally known as 705 Progress Avenue, Unit 45/46, Toronto (the "**Lease Agreement**").

Property
 The property municipally known as 705 Progress Avenue, Unit 45/46, Toronto, as shown on the Location Map in Appendix "**B**" (the "**Premises**").

Actions
 1. Authority be granted to enter into the Lease Agreement with the Tenant, substantially on the major terms and conditions set out in Appendix "**A**", and including such other terms as deemed appropriate by the approving authority herein, and in a form satisfactory to the City Solicitor.

Financial Impact
 705 Progress Avenue is a jointly owned facility between the City of Toronto and Toronto District School Board (collectively, the "**Landlord**"). Net revenues collected are divided equally between the parties. According to the original decision in 1996, when the City of Scarborough acquired the property, the City's portion would be transferred to a dedicated parkland reserve fund (5% and 2% Land Acquisition Reserve Fund Scarborough – XR2007).

The total minimum rent from the Lease is \$55,357.50 (plus HST) for the period of two (2) years commencing March 1, 2019 and ending February 28, 2021, the equivalent of \$6.75 per square foot in year 1 and \$7.00 per square foot in year 2. The Tenant will be eligible to receive one (1) month minimum rent free in year 1 upon provision of invoices by November 15, 2019 confirming that the Tenant has, at its sole cost, replaced two (2) exterior windows of Unit 45/46 to the Landlord's satisfaction. The estimated additional rent from the Lease Agreement from March, 2019 to December, 2019 is \$23,270.28 (plus HST), the equivalent of \$5.78 per square foot. Additional rent is revised each year and is based on the operating budget for the property. Additional rent comprises the tenant's pro rata share of realty taxes, building insurance and maintenance. The Tenant is also responsible for all other occupancy costs including water, gas, hydro, heating and air conditioning.

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

Comments
 Authority is being sought to amend the authority previously granted in Delegated Approval Forms 2019-155 and 2019-326 to reflect the terms of the Lease Agreement that have been negotiated with the Tenant.

705 Progress Avenue is an industrial mall type of property consisting of approximately 156,000 square feet acquired in August, 1996 by the former City of Scarborough in partnership with the former Scarborough Board of Education (the "**Board**"). Pending development of the property as a future park and a school facility, it was decided to continue to lease the units to multiple tenants. Former City of Scarborough and the Board entered into an Operating Agreement dated January 2, 1997, which provided that the City, in consultation with the Board, would engage a property manager (currently Compass Commercial Realty LP) and enter into a management agreement. The City and the property manager would be responsible for the day-to-day operation of the property. There are no plans at the present time to carry out the intended uses by the City and the Board for the property.

The proposed rent and other major terms and conditions of the Lease Agreement are considered to be fair, reasonable and reflective of market rates.

Terms
 See Appendix "**A**".

Property Details	Ward:	24-Scarborough Guildwood
	Assessment Roll No.:	Part of 1901-05-2-810-04300
	Approximate Size:	
	Approximate Area:	4,026 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"/> (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:	Paul Ainslie				Councillor:										
Contact Name:					Contact Name:										
Contacted by:	Phone	X	E-Mail		Memo		Other	Contacted by:	Phone		E-mail		Memo		Other
Comments:	No Comments received – Aug 12, 2019				Comments:										
Consultation with Divisions and/or Agencies															
Division:					Division:	Financial Planning									
Contact Name:					Contact Name:	Filisha Jenkins									
Comments:					Comments:	Concurred - August 1, 2019									
Legal Division Contact															
Contact Name:	Seija Molema														

DAF Tracking No.: 2020-055	Date	Signature
Concurred with by: Manager, Real Estate Services		
<input type="checkbox"/> Recommended by: Manager, Property Management & Lease Administration <input type="checkbox"/> Approved by: Alex Schuler	Feb. 24, 2020	Signed by Alex Schuler
<input type="checkbox"/> Approved by: Acting Director, Real Estate Services Nick Simos	Feb. 25, 2020	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, 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"
Major Terms and Conditions

Minimum Rent:	Year 1 \$27,175.50 net of HST (\$6.75/ft ²) *See below. Year 2 \$28,182.00 net of HST (\$7.00/ft ²)
Rent Free Period for Window Replacement:	*The Tenant shall receive one (1) month Minimum Rent free upon provision of invoices by November 15, 2019 confirming that the Tenant has, at its sole cost, replaced two (2) exterior windows of Unit 45/46 to the Landlord's satisfaction.
Additional Rent:	Year 2019 (March 1, 2019 – December 31, 2019) - \$23,270.28 net of HST at \$5.78/ft ² , adjusted annually.
Area of Premises:	4,026 ft ² .
Term:	Two (2) years (March 1, 2019 – February 28, 2021).
Use:	The Premises shall be used and shall continually be operated throughout the term for general office administration and warehouse to assemble electronic components.
Landlord's Work:	N/A.
Deposit:	The Landlord holds a deposit for first month rent and last month rent in the amount of \$4,845.09.
Option to Renew:	N/A.
Termination Clause:	By the Tenant or the Landlord with three (3) months' written notice.
NSF Fee:	\$40.00 per NSF cheque.
Late Payment Charges:	1.25% per month or 15% per annum.
Payment:	Tenant to provide Pre-Authorized Debit to the Landlord on or before the lease commencement.
Truck Parking:	Tenant may park a maximum of one (1) truck [a trailer on its own will count as one (1) transport truck] at the rear door of Unit 45/46, or as designated by the Landlord, in its sole discretion, and from time to time. The Tenant shall not park its service trucks at the front of the unit.
Water Heater:	The Tenant agrees to be responsible for the installation and rental of its own water heater, and any related costs. If there is an existing heater present in the Premises, then the Tenant shall be responsible for the cost of repair and/or replacement, including any related costs.

Appendix "B"

Floor Plan



Location Map

