

DELEGATED APPROVAL FORM
DEPUTY CITY MANAGER, CORPORATE SERVICES
EXECUTIVE DIRECTOR, CORPORATE REAL ESTATE MANAGEMENT

TRACKING NO.: 2020-114

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, as adopted by City Council on May 22, 23 & 24, 2018 and Item GL9.14, as adopted by City Council on November 26 & 27, 2019 or, where applicable, contained in Item EX28.8, as adopted by City Council on November 7, 8 & 9, 2017.

Prepared By:	Avery Carr	Division:	Corporate Real Estate Management
Date Prepared:	April 27, 2020	Phone No.:	(647) 458-1934
Purpose	To obtain authority for the City of Toronto (the "City"), as tenant, to enter into a lease (the "Lease") with Queen Kingston Holdings Inc. (the "Landlord"), for the purpose of an emergency shelter at the building located at 1684 Queen Street East.		
Property	Entirety of the property, including 50 units located at the property municipally known as 1684 Queen Street East, City of Toronto (the "Property") as shown on the Location Map in Appendix "B".		
Actions	1. Authority be granted to enter into the Lease with the Landlord to lease 50 units at the Property for a term commencing on April 28, 2020 and expiring on July 31, 2021, substantially on the major terms and conditions set out in Appendix "A", and including such other terms and conditions as may be deemed appropriate by the Deputy City Manager, Corporate Services ("DCM") and in a form acceptable to the City Solicitor.		
Financial Impact	<p>The following costs will be incurred by the City in connection with the Lease:</p> <p>(i) Net Rent: Total cost to the City will be \$101,393.96 (plus HST) per month (50 units x \$2,027.88 per month), or \$103,178.49 (net of HST recoveries) payable in monthly installments commencing April 28, 2020 for an initial term of fifteen (15) months, for total net rent for the term of \$1,520,909.40 (plus HST), or \$1,547,677.41 (net of HST recoveries).</p> <p>(ii) Lease Extension: In addition to this, the City has an option to extend the term for three (3) months. If the lease extension option is exercised, the total cost for the entire eighteen (18) month term will be \$1,825,091.28 (plus HST), or \$1,857,212.89 (net of HST recoveries).</p> <p>(iii) The City shall be responsible for additional rent, being all costs arising from its use of the Property including any operating costs, minor repairs and maintenance, utilities and taxes.</p> <p>(iv) The City shall pay an additional amount of \$45,000 (plus HST), or \$45,792 (net of HST recoveries) to the Landlord for the purchase of chattels at the Property, payable in twelve (12) equal payments of \$3,750 (plus HST) per month, or \$3,816 (net of HST recoveries) on the first day of each month of the term, commencing on the commencement date until the full amount has been paid to the Landlord.</p> <p>Funding is available in the 2020 Council Approved Operating Budget for Shelter, Support & Housing Administration (SSHA) under cost centre F03702. The Chief Financial Officer and Treasurer has reviewed this DAF and agrees with the financial impact information.</p>		
Comments	<p>As a result of the COVID-19 pandemic and the City of Toronto's state of emergency, the City is experiencing an unprecedented demand for shelter and respite services for its residents. The Property consists of a 50 unit, 2 floor building, formerly known as the Day's Inn Hotel. The Property will be used for the purposes of a temporary shelter, including but not limited to, meeting the needs of physical distancing obligations, isolation and/or recovery of the clients of the City, or such other shelter needs of the City. The facility may be operated by a service provider as deemed appropriate by SSHA.</p> <p>As a component of SSHA's emergency response efforts to the COVID-19 pandemic, SSHA has received SLT approval to activate 1400 temporary hotel units to support physical distancing, isolation and recovery needs within the shelter system. This location comprises a component of such 1400 hotel units.</p> <p>SSHA has approved this Lease and confirmed that the terms and conditions, including the restoration terms and potential costs, are fair, reasonable and aligned with the service needs required to support the City's response efforts to the COVID-19 pandemic. Real Estate Services staff consider the terms and conditions of this proposed Lease to be fair, reasonable and reflective of market rates.</p>		
Terms	Refer to Appendix "A" for the Terms and Conditions.		
Property Details	Ward:	19 – Beaches East York	
	Assessment Roll No.:		
	Approximate Size:		
	Approximate Area:		
	Other Information:		

A.	Executive Director, Corporate Real Estate Management has approval authority for:	Deputy City Manager, Corporate Services has approval authority for:
<p>1. Acquisitions:</p> <p>2. Expropriations:</p> <p>3. Issuance of RFPs/REOs:</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 \$3 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$3 Million.</p> <p><input type="checkbox"/> Issuance of RFPs/REOs.</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 \$3 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$3 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 \$3 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>Delegated to a more senior position.</p> <p><input checked="" type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$3 Million.</p> <p><input type="checkbox"/> (a) Where total compensation does not exceed \$3 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 \$3 Million.</p> <p><input 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 \$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/REOs.</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 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>B. Deputy City Manager, Corporate Services and Executive Director, Corporate Real Estate Management 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.
<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.
<ul style="list-style-type: none"> • Expropriation Applications and Notices following Council approval of expropriation.

Consultation with Councillor(s)

Councillor:	Councillor Bradford					Councillor:					
Contact Name:						Contact Name:					
Contacted by:	Phone	E-Mail	Memo	Other		Contacted by:	Phone	E-mail	Memo	Other	
Comments:						Comments:					
Consultation with Divisions and/or Agencies											
Division:	Shelter, Support and Housing Administration					Division:	Financial Planning				
Contact Name:	Loretta Ramadhin					Contact Name:	Filisha Jenkins				
Comments:	Approved (Apr 27, 2020)					Comments:	Comments incorporated (Apr 27, 2020)				
Legal Division Contact											
Contact Name:	Soo Kim Lee										

DAF Tracking No.: 2020 - 114	Date	Signature
Recommended by: Manager, Real Estate Services	April 27 th , 2020	Signed By: Daran Somas
Recommended by: Director, Real Estate Services	April 27 th , 2020	Signed By: Alison Folosea
<input type="checkbox"/> Recommended by: Executive Director, Corporate Real Estate Management <input checked="" type="checkbox"/> Approved by: Patrick Matozzo	April 27 th , 2020	Signed By: Patrick Matozzo
<input type="checkbox"/> Approved by: Deputy City Manager, Corporate Services Josie Scioli		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 market value and no interest shall be granted for an amount less than the appraised market value, nor additional compensation paid, unless specifically authorized by City Council.
- (f) Authority to approve any transaction 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

Premises:

The Property at 1684 Queen Street East, City of Toronto, including 50 room units, banquet rooms, office space, laundry facilities and all identified chattels/fixtures as listed on Schedule "A" attached to the Lease, as well as the outdoor parking area.

The Landlord may retain and lock one (1) storage room in the basement of the building provided that: (i) it shall provide the City with a key to the locked storage room; and (ii) the City shall be permitted to donate or give away any useable items contained therein.

Outdoor Smoking Area:

The Tenant may use a portion of the outdoor parking area (to be agreed upon by the City and Landlord, each acting reasonably) as a "designated smoking area". After the first anniversary of the Commencement Date, and with at least thirty (30) days' prior written, the Landlord may use the outdoor parking area (excluding the "designated smoking area", which if required, may be moved to another location in the outdoor parking area as mutually agreeable) for the sole purpose of environmental testing, provided that the Tenant's use of the Premises is not unduly interfered with.

Hoarding:

The Landlord shall be permitted to erect hoarding to protect its environmental testing area, provided that fire exits from the building are maintained to the standard required by applicable laws, including the fire code; and (ii) Rent shall not abate in the event the Landlord elects to take back such area.

Term / Option to Extend:

The City (as tenant) shall lease the Premises an "as is where is" basis for a term of **fifteen (15) months** (the "Initial Term") commencing on the date that is One (1) day after the date that the City notifies the Landlord of the commencement date (the "Commencement Date") and expiring fifteen (15) months thereafter. Commencement Date will be no later than **April 28, 2020**.

If in good standing, the City has the option to extend for an additional three (3) months (the "Extended Term"), on the same terms and conditions, save and except for any further option to extend, by giving written notice to the Landlord at least **forty-five (45) days** prior to the end of the Initial Term. If the City remains in possession after the expiration of the Term, without the written consent of the Landlord, it shall a tenancy at sufferance terminable by either party upon **thirty (30) days'** written notice.

City Early Termination Right:

At any time after the first **12 months** of the Initial Term, the City shall have the right to terminate the Offer or the Lease, upon at least **45 days'** written notice (the "Termination Notice") of such termination to the Landlord.

Permitted Use:

The City shall use the Premises solely within the scope of **Section 5(f)** of the *Residential Tenancies Act* (Ontario) for the purpose of a **temporary shelter for persons who identify as female**, including but not limited to, meeting the needs of physical distancing obligations, isolation or recovery of clients of the City **who identify as female**, or such other shelter needs of the City. In no event shall the Premises or any part thereof be used for a men's shelter or a mixed sex/gender shelter.

The Premises may be operated by the City's third party service providers/community operators, provided that the City shall remain responsible for ensuring compliance with all of its obligations under this Offer. The YWCA will be the initial operator of the Premises.

The City shall not permit any hazardous substances on or in any portion of the Premises, except for cleaning products, and products used for repairs and maintenance that are not the Landlord's responsibility, and then only so long as such products are used and stored in compliance with all applicable laws.

Minimum Rent and Additional Rent:

The City shall pay a Minimum Rent of **\$101,393.96** per month (the "Minimum Rent"), payable monthly in advance, and prorated for any partial months. Except as set out in the Offer and the Lease, and subject to the Landlord's responsibilities, the City shall be responsible for all costs arising from its use of the Premises or this Lease, including any operating costs, repairs and maintenance, utilities, and taxes.

The City shall **not** be responsible for any management or administrative fees, capital costs and depreciation, replacement costs, major repairs, repair and replacement of plumbing, mechanical, electrical, heating and air-conditioning systems, repair/replacement of the roof, and structural repairs such as bearing walls, foundations, and structural supports of the

Premises, except as set out in the Offer and the Lease.

Rent is inclusive of any municipal accommodation tax (MAT) and exclusive of HST.

The City shall pay all Rent monthly on the 1st day of each month commencing on the Commencement Date (additional rent shall be paid based on reasonable estimates provided by the Landlord, with reconciliations to be made within a reasonable period of time following the end of each year) and the Landlord shall provide to the City, a detailed statement of additional rent items, together with copies of detailed third party invoices supporting such costs).

If the City has the capacity to do so, all Rent shall be paid by way of electronic funds transfer.

Chattels:

The City shall also pay an additional amount of **\$45,000.00** plus HST (the "**Chattel Fee**") to the Landlord, for the purchase of the existing chattels listed on Schedule "A" to the lease, payable in **twelve (12)** equal payments of **\$3,750.00** plus HST per month, on the first day of each month of the Term, commencing on the Commencement Date, until the \$45,000.00 plus HST has been paid to the Landlord.

The Chattel Fee is not rent, but is being paid to the Landlord as the purchase price for the chattels/fixtures set out on Schedule "A", and the Landlord may issue a separate invoice for the Chattel Fee apart from Rent owing. At the expiry or termination of the Term, any chattels/fixtures which cannot be donated/removed by the City will be left at the Premises, in their "as is" condition, provided that the City shall use reasonable commercial efforts to remove same.

Realty Taxes Payment / Reduction:

The realty tax bill shall remain in the name of the Landlord, with the City paying to the Landlord, as additional rent, all realty taxes assessed against the Premises for the Term.

The Landlord acknowledges that a portion of the Rent payable by the City includes a proportional payment of property tax and that the City has the right, in its discretion, to request the Council of the City of Toronto ("**City Council**") to exempt the Premises from taxation for municipal and school purposes. The Landlord agrees that should the realty taxes assessed against the Premises for the Term be so reduced, the City shall only be responsible for those realty taxes actually assessed. For greater certainty, if the realty tax assessment for the Premises for the Term is partly reduced, the City shall only be responsible for the realty taxes assessed against the Premises during the Term, less the amount reduced. Should realty taxes for the Premises be reduced following the expiration or earlier termination of the Term, then the City shall be entitled to an adjustment of realty taxes for such portion of the Term to which the reduction applies.

Landlord's Responsibilities:

The Premises will be provided in an "as-is" condition on the Commencement Date, and Landlord makes no representations or warranties whatsoever with respect to the Premises other than the building systems serving the Premises will be in working condition on the Commencement Date.

The City and its service providers/community operators shall have uninterrupted access to the Premises, on a 24/7 basis, for the duration of the Term (subject to any reasonable closures of part of the Premises required by the Landlord to effect required maintenance and repairs, or in the event of emergency and subject to force majeure. "**Force majeure**" does not include financial inability. The Landlord shall provide to the City on the Commencement Date access keys for the Premises and all key cards for the rooms, with the City solely responsible for making any replacement key cards.

Subject to force majeure, the Landlord shall be responsible for the operation and maintenance of core operating obligations and building systems within the Premises, including the following:

- power for normal lighting and domestic hot and cold running water (subject to the City's obligation to pay for such utilities);
- pest control services during the first 30 days of the Initial Term, it being understood that pest control shall thereafter be the responsibility of the City;
- fire & life safety systems and related maintenance and monitoring; including:
 - Building Fire Safety Plan document; and
 - Annual Inspection Reports for:
 - Fire Alarm system,
 - Emergency Lighting / Generator,
 - Fire Extinguishers,
 - Standpipe Hose system (if applicable),
 - Sprinkler system (if applicable), and

- Kitchen Suppression system (if applicable).

The City acknowledges that Landlord has provided copies of all required documents and that they are subject to review by Toronto Fire Services;

- building envelope and capital repairs;
- HVAC system capabilities, limitations and maintenance activities on site.

The City acknowledges that the Landlord will be demolishing the Premises following the expiration of the Term: (i) the Landlord need not make replacements to any portion of the Premises, so long as the repairs will meet fire, life and safety standards, and be sufficient to ensure normal day-to-day operation; and (ii) the Landlord need only maintain the Premises in a state of working order, to fire, life and safety standards, and is not required to use any higher quality of materials or expend any non-essential sums.

The Landlord will provide a property manager on call to manage the building systems. All maintenance or repairs which cost less than **\$500.00** per occurrence shall be handled by the City, including, without limitation, changing light bulbs and unclogging toilets.

The Landlord will provide the following services:

- Assist in transferring existing contracts for utilities (including hydro, gas internet, telephone, and cable) and garbage removal to the City's account. If the City fails to put all utility and other accounts into its name prior to the Commencement Date, the Landlord may bill to the City, as additional rent, all charges applicable to the Premises which are incurred during the Term;
- Provide a copy of the hot water tank rental agreement (the City acknowledges that this has already been provided), and assist the City in transferring the agreement to the City at the City's cost; and
- An "institutional level deep cleaning" prior to occupancy, to the standards recommended by Toronto Public Health.

Notwithstanding anything the contrary in this Offer, the Landlord shall have no responsibility for making any repairs or replacements to the parking area (and gate) whatsoever.

City (as tenant) responsibilities:

The City shall be solely responsible for the operation of the Permitted Use within the Premises - Landlord makes no representation or warranty as to whether the Permitted Use is permitted by law.

The City will be responsible for, at its sole cost:

- insuring the Premises and all of its operations therein;
- the cost of all utilities for the Premises, with all accounts to be put into the City's name;
- the cost of all waste removal from the Premises;
- the cost of all snow and ice removal and sanding/salting of the parking area and all walkways;
- any damages to the Premises or additional costs incurred by the Landlord as a result of the City's occupancy of the Premises (including, without limitation, by any occupants, employees, or guests of the Premises), save and except for damage or costs arising from, or attributable to the Landlord's negligent acts or omissions, and provided that the Landlord immediately reports any damages to the City of which it becomes aware. Except as expressly set out in the Offer, the City shall not be responsible for maintenance or normal wear and tear;
- day-to-day maintenance of fire & life safety systems and related maintenance and monitoring (such as, by way of example only, checking fire extinguishers and changing smoke alarm batteries);
- all regular janitorial, cleaning, and day-to-day maintenance for the Premises;
- all security and supervision for the Premises, including without limitation taking all reasonable steps to ensure ***no vandalism on any part of the Premises or adjacent properties***; and

An "institutional level deep cleaning" prior to surrender of the Premises, to the standards recommended by Toronto Public Health

Restoration by Tenant:

At the expiration or earlier termination of the Term, the City shall remove all fixtures, chattels and equipment (including, without limitation, all bedding and other supplies) which were brought onto the Premises and shall restore same to the condition in which it existed on the Commencement Date, reasonable wear and tear excepted. The City shall repair any damage caused by such installation or removal.

Insurance / Indemnity:

The City will provide insurance of \$5,000,000.00 for Commercial General Liability and \$1,000,000.00 for Automobile Liability

(the City's insurance policies shall cover the parking area as well), with the Landlord added as an additional insured on all policies.

The City agrees to indemnify and save harmless the Landlord from all loss, costs, damages, claims or demands for any act or negligence whatsoever with respect to the City's use of the Premises, including, without limitation, illness of any occupants or employees of the City at the Premises and damage to any property of the Landlord (collectively the "**Loss and Costs**"), unless such Loss and Costs are caused by the negligence of the Landlord, or those for whom it is responsible at law.

No Transfer, Assignment or Sublease:

Notwithstanding any statute or rule of law to the contrary, the City shall not be permitted to assign the Offer or the Lease or to sublet all or any portion of the Premises under any circumstances.

Nuisance:

The Premises is adjacent to a residential neighbourhood and to other commercial businesses (some of which are tenants of the Landlord). The City agrees to: (i) use its commercially reasonable efforts to prevent nuisance, noise or vibrations (collectively, "**Nuisance**") to emanate from the Premises that would disturb any neighbouring properties, at the City's cost; and address and rectify any issues of Nuisance, at the City's cost.

Form of Lease:

The lease shall be prepared by the City using the City's standard form of lease, and shall conform to the terms of the Offer. The Lease shall be subject to reasonable amendments requested by the Landlord's solicitors as agreed to by the parties, both acting reasonably. Under no circumstances shall the financial terms of this Offer be altered in the Lease. In the event of any inconsistencies between this Offer and the Lease, the terms of this Offer shall govern. The executed Offer shall form a binding agreement between the parties until such time as the Lease is signed by both parties.

Pets:

The Landlord agrees that normal household pets (such as dogs and cats) shall be allowed in the Premises to reside with the occupants. For greater certainty, birds, vermin, reptiles, amphibians or insects are not permitted.

Appendix "B"

Location Map

