

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

TRACKING NO.: 2021-009

With Confidential Attachment

Approved pursuant to the Delegated Authority contained in Article 2 of City of Toronto Municipal Code Chapter 213, Real Property

Prepared By:	Myron Menezes	Division:	Corporate Real Estate Management
Date Prepared:	May 28, 2021	Phone No.:	(416) 338-3586
<b>Purpose</b>	To obtain authority to enter into (i) a lease between Metrogate Inc. (the "Landlord"), Golf Road School Child Care Centre Inc. (the "Tenant") and the City for certain premises located at 275 Village Green Square for a child care centre (the "Lease"), and (ii) an acknowledgement and indemnity agreement between the Landlord and the City respecting the payment of land transfer taxes relating to the registration of the Lease (the "AI Agreement").		
<b>Property</b>	Unit 2 on Level 1 and Level 2 in Toronto Standard Condominium Plan No. 2754, registered in the Land Titles Division of the Toronto Registry Office (No. 66), being a condominium unit within the North Tower of the property municipally located at 275 Village Green Square, Toronto being all of PIN 76754-0002 legally described as Unit 2, Level 1, Toronto Standard Condominium Plan No. 2754 and its Appurtenant Interest; Subject to and Together With Easements as set out in Schedule A as in Instrument No. AT5336080; City of Toronto, (the "Property"), as shown on the Location Map in Appendix "B" and in the location set out in Appendix "C".		
<b>Actions</b>	<ol style="list-style-type: none"> <li>1. Authority be granted to enter into the Lease with the Landlord and the Tenant, substantially on the major terms and conditions set out in Appendix "A-1", and including such other terms as deemed appropriate by the approving authority herein, and in a form satisfactory to the City Solicitor.</li> <li>2. Authority be granted to enter into the AI Agreement with the Landlord, substantially on the major terms and conditions set out in Appendix "A-2", and including such other terms as deemed appropriate by the approving authority herein, and in a form satisfactory to the City Solicitor.</li> </ol>		
<b>Financial Impact</b>	<p>The Lease will provide the Tenant with approximately 12,141 square feet of total space for the purpose of delivering non-profit child care services and programming for infants, toddlers and preschoolers, for nominal rent consideration.</p> <p>All operating costs related to the building occupancy, in addition to any property tax assessed, will be paid by the Landlord, for the entire duration of the term, including any extensions. The Tenant will be responsible for all costs of operating in the premises. This results in no expected costs to the City, while the City is not a tenant under the Lease.</p> <p>As a Section 37 benefit, the Tenant will receive a one-time cash contribution directly from the Landlord of \$128,004.67 for start-up costs for the child care facility to operate out of the premises, as well as, a one-time cash payment of \$250,000 within 30 days of commencement of the Lease for fixtures, furnishings, equipment and supplies.</p> <p>The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.</p>		
<b>Comments</b>	<p>As part of planning approvals for the Property, the Landlord and the City entered into a Section 37 Agreement dated August 28, 2005 and registered September 30, 2008 as Instrument No. AT1911924, as amended by an agreement dated April 5, 2010 and registered on May 19, 2010 as Instrument No. AT2384462 (collectively, the "Section 37 Agreement") for the development of 2055 Kennedy Avenue, Toronto.</p> <p>The Section 37 Agreement was authorized by way of By-law No. 1101-2006, pursuant to OMB Order No. 1212 - May 12, 2005 and Report 11 (SC11.25) of the Scarborough Community Council – Dec. 11, 12 &amp; 13, 2007. The Section 37 Agreement required two daycare leases within the development. The first was executed in 2011 and was registered on October 24, 2011 as Instrument No. AT2848981. The Lease will fulfill the second daycare lease requirement.</p> <p>The Section 37 Agreement required the Landlord to enter into a lease for the child care facility for an initial term of 25 years, with two initial options to renew of 25 years each followed by one further option to renew of 24 years. Children Services staff will oversee, with CREM Facilities staff, the expenditures noted above. The Section 37 Agreement did not contain provisions for the payment of land transfer tax by the Landlord as developer of the Property. The City and the Landlord have negotiated terms satisfactory to both whereby the Landlord will pay any land transfer tax deemed exigible by the Ministry of Finance respecting the registration of the Lease, but will dispute such a requirement to pay until the Ministry makes such a determination. The AI Agreement sets out the terms and conditions of such payment and indemnifies the City from any claims relating to land transfer tax exigible on the registration of the Lease.</p> <p>See Appendixes "A-1" for comments continued.</p>		
<b>Terms</b>	See Appendixes "A-1" and "A-2" and Confidential Attachment		
<b>Property Details</b>	<b>Ward:</b>	Ward 22 – Scarborough-Agincourt	
	<b>Assessment Roll No.:</b>	N/A	
	<b>Approximate Size:</b>	N/A	
	<b>Approximate Area:</b>	1,190 m <sup>2</sup> ± (12,809 ft <sup>2</sup> ±)	
	<b>Other Information:</b>	A portion of Pin: 767540002	

A.	Manager, Real Estate Services has approval authority for:	Director, Real Estate Services has approval authority for:
<p>1. Acquisitions:</p> <p>2A. Expropriations Where City is Expropriating Authority:</p> <p>2B. Expropriations For Transit-Related Purposes Where City is Property Owner or Has Interest in Property Being Expropriated:</p> <p>3. Issuance of RFPs/REOLs:</p> <p>4. Permanent Highway Closures:</p> <p>5. Transfer of Operational Management to Divisions, Agencies and Corporations:</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 &amp; Parks &amp; 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 \$50,000.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$50,000.</p> <p><input type="checkbox"/> (a) Acceptance of statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$50,000.</p> <p><input type="checkbox"/> (b) Request Hearings of Necessity.</p> <p><input type="checkbox"/> (c) Waive Hearings of Necessity.</p> <p><b>Delegated to more senior positions.</b></p> <p><b>Delegated to more senior positions.</b></p> <p><b>Delegated to more senior positions.</b></p> <p><input type="checkbox"/> Where total compensation does not exceed \$50,000.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$50,000.</p> <p><b>Delegated to more senior positions.</b></p> <p><input type="checkbox"/> (a) Where total compensation (including options/ renewals) does not exceed \$50,000.</p> <p><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.</p> <p><b>Leases pursuant to the Community Space Tenancy Policy delegated to a more senior position.</b></p> <p><input checked="" type="checkbox"/> Where total compensation (including options/ renewals) does not exceed \$50,000.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$50,000.</p> <p><b>Delegated to more senior positions.</b></p> <p><input type="checkbox"/> Where total compensation does not exceed \$50,000.</p> <p><b>Delegated to more senior positions.</b></p> <p><b>Delegated to more senior positions.</b></p>	<p><input type="checkbox"/> Where total compensation does not exceed \$1 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$1 Million.</p> <p><input type="checkbox"/> (a) Acceptance of statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$1 Million.</p> <p><input type="checkbox"/> (b) Request Hearings of Necessity.</p> <p><input type="checkbox"/> (c) Waive Hearings of Necessity.</p> <p><input type="checkbox"/> Issuance of RFPs/REOLs.</p> <p><input type="checkbox"/> Initiate process &amp; authorize GM, Transportation Services to give notice of proposed by-law.</p> <p><b>Delegated to more senior positions.</b></p> <p><input type="checkbox"/> Where total compensation does not exceed \$1 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$1 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 \$1 Million.</p> <p><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.</p> <p><b>Leases pursuant to the Community Space Tenancy Policy delegated to a more senior position.</b></p> <p><input type="checkbox"/> Where total compensation (including options/ renewals) does not exceed \$1 Million.</p> <p><input type="checkbox"/> (a) Where total compensation does not exceed \$1 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 \$1 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/Estoppel 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>

**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 each position 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 the Deputy City Manager, Corporate Services and any related documents.

**Pre-Condition to Approval**

☒ Complies with General Conditions in Appendix B of City of Toronto Municipal Code Chapter 213, Real Property

**Consultation with Councillor(s)**

Councillor:	Mayor Tory's office (on behalf of ward 22's Councillor vacancy)	Councillor:	
Contact Name:	Mayor Tory's office	Contact Name:	
Contacted by:	Phone <input type="checkbox"/> X E-Mail <input type="checkbox"/> Memo <input type="checkbox"/> Other <input type="checkbox"/>	Contacted by:	Phone <input type="checkbox"/> E-mail <input type="checkbox"/> Memo <input type="checkbox"/> Other <input type="checkbox"/>
Comments:	Notified – October 16, 2020	Comments:	

**Consultation with Divisions and/or Agencies**

Division:	Toronto Children's Services	Division:	Financial Planning
Contact Name:	Corina Ghimbasan	Contact Name:	Patricia Libardo
Comments:	Comments incorporated – October 13, 2020	Comments:	Comments incorporated – May 27, 2020

**Legal Services Division Contact**

Contact Name: Rebecca Hartley comments incorporated - May 25, 2020

DAF Tracking No.: 2021- 009	Date	Signature
Concurred with by: Manager, Appraisal Advisory Services Peter Cheng	May 28, 2021	Signed by Peter Cheng
<input type="checkbox"/> Recommended by: Manager, Transaction Services Daran Somas	May 28, 2021	Signed by Daran Somas
<input checked="" type="checkbox"/> Approved by:		

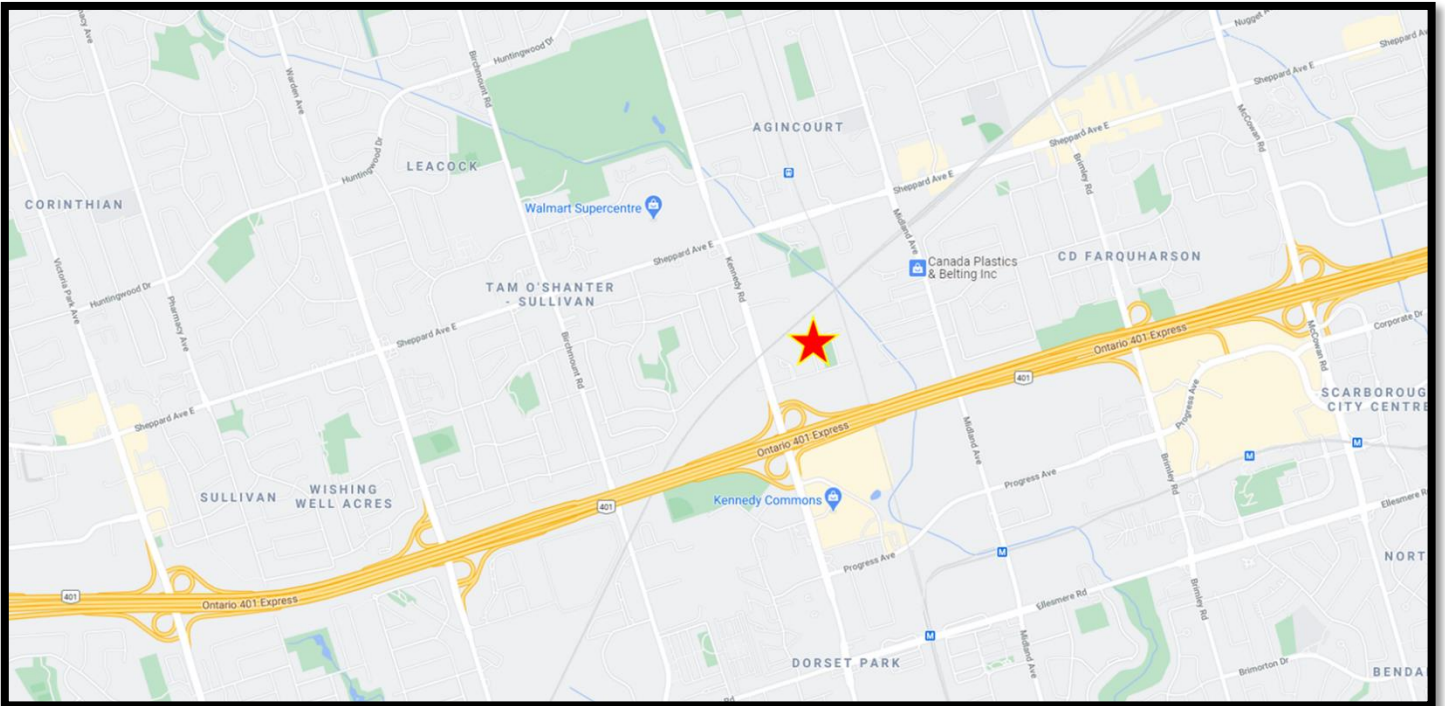
## Appendix "A-1" – Summary of Major Terms and Conditions of Lease

<b>Leased Premises:</b>	Unit 2, Level 1 and Level 2, TSCC 2754, being a condominium unit within the North Tower of the property municipally located at 275 Village Green Square, Toronto. Total area of approximately 12,809 square feet; comprising approximately 9,957 square feet of indoor space and approximately 2,852 square feet of outdoor space; located on the first floor of the north tower building, as shown in Appendix B.
<b>Landlord:</b>	Metrogate Inc.
<b>Tenant:</b>	Golf Road School Child Care Centre Inc.
<b>Additional named parties</b>	City of Toronto (the "City")
<b>Basic Rent:</b>	\$2 for the term.
<b>Operating Costs:</b>	All operating costs related to the building occupancy (utilities, building maintenance, insurance, common area charges, Condo fees, capital costs, etc.), in addition to any property tax assessed, will be paid by the Landlord, for the entire duration of the term and any extensions of it. The Tenant, will be responsible for all costs of operating in the premises including costs such as staff salaries, benefits, food, educational supplies/equipment, furniture, decorations, child issuance, and maintenance costs related to daycare fixtures, furnishings, appliances and equipment. This results in no expected costs to the City.
<b>Tenant Inducement:</b>	<ol style="list-style-type: none"> <li>1. One-time payment of \$128,004.67 at execution of lease for start-up costs for the daycare.</li> <li>2. One-time payment of \$250,000.00 within 30 days of commencement for fixtures, furnishings, equipment and supplies.</li> </ol>
<b>Commencement Date:</b>	On or about June 1, 2021 or such other date as may be determined by the parties in writing.
<b>Initial Lease Term:</b>	Twenty-five (25) years
<b>Option to renew:</b>	Two (2) initial options of twenty-five (25) years each and one further option of twenty-four (24) years
<b>Use of Premises:</b>	Solely for a non-profit children's daycare centre
<b>Landlord's Insurance:</b>	Property damage and liability insurance
<b>Tenant's Insurance:</b>	\$5,000,000.00 General Liability in addition to insurance for fixtures, furnishings, appliances and equipment.
<b>Parking:</b>	6 parking spaces and a pick-up & drop-off designated area.
<b>Construction:</b>	Landlord to construct and equip the Leased Premises and shall lease certain fixtures and equipment for nominal consideration
<b>Registration:</b>	Landlord to register the Lease no later than 20 days following the commencement date of the Lease and to pay any land transfer tax exigible therefor
<b>Comments continued:</b>	After posting the Expression of Interest and following the standard process to select a provider, the Tenant was chosen by City of Toronto's Children's Services Division to provide Childcare services in this location with the Tenant providing funding to support its operations. The Tenant is an independent, non-denominational, incorporated not-for-profit charitable organization, who provides child care programs in other City of Toronto locations where they provide high quality care. The (i) nominal rent and other major terms and conditions of the Lease and (ii) the provisions of the AI Agreement are considered to be fair, reasonable and reflective of the Section 37 Agreement.

## Appendix "A-2" – Summary of Major Terms and Conditions of AI Agreement

<b>Indemnity:</b>	Landlord releases and indemnifies and saves harmless the City from any and all liabilities, demands, damages, costs, claim suits and actions for arising out the Landlord's obligation to pay land transfer tax on the registration of the Lease
<b>Applicability:</b>	the AI Agreement relates only to the Lease and are without prejudice to and do not set precedent for any other current or future transaction
<b>Land Transfer Tax:</b>	the Landlord shall submit the requisite land transfer tax affidavit on the basis of the value of the Lease being NIL, but shall pay any amounts assessed by the Ministry of Finance ("MoF")
<b>Appeal:</b>	where LTT is deemed exigible by the MoF, the Landlord shall be entitled to file an appeal of such assessment, but the City shall not be required to oppose any such assessment
<b>City Notification:</b>	the City shall notify the MoF that the Lease has been registered, shall append the appraisal report prepared by the Landlord and shall advise that the City had pre-approved the appraisal from Colliers International but shall take no position whether land transfer taxes are exigible
<b>Operating Costs:</b>	this is a gross lease, Tenant will not be responsible for any costs or expenses in connection with the use/occupancy of the Leased Premises
<b>Letter of Credit:</b>	to secure the Indemnity, the Landlord shall provide the City with an irrevocable Letter of Credit in the amount set out in Confidential Attachment 1 (the "LC")
<b>LC Draw Down:</b>	City shall be entitled to draw down on the LC if the Landlord does not pay land transfer tax, penalties, fees and interest assessed by the MoF
<b>LC Release:</b>	the LC shall be released the earlier of (i) payment of land transfer tax by the Landlord where assessed by MoF and (ii) within 4 years from the date that the notice of Lease was registered on title

## Appendix "B" – Location Map





# Appendix "C" – Floor Plan

