

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

TRACKING NO.: 2022-207

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

Prepared By:	Owen Bartley	Division:	Corporate Real Estate Management
Date Prepared:	October 19, 2022	Phone No.:	416-338-1297

<b>Purpose</b>	To obtain authority to enter into a lease (the "Lease") with 30 Adelaide Street East Inc. (the "Landlord") with respect to Suite 700 in the property municipally known as 30 Adelaide Street East, Toronto (the "Property"), for the purpose of operating administrative offices for Court Services.
<b>Property</b>	Suite 700 located in the property municipally known as 30 Adelaide Street East, Toronto, which comprises approximately 25,901 square feet of space (the "Leased Premises"), as shown on the Location Map in Appendix "B" and the Floor Plan in Appendix "C".
<b>Actions</b>	1. Authority be granted to enter into the Lease with the Landlord, substantially on the major terms and conditions set out in Appendix "A", and on such other terms as deemed appropriate by the approving authority herein, and in a form satisfactory to the City Solicitor.
<b>Financial Impact</b>	<p>The total estimated cost to the City of the Lease is approximately \$1,651,749.94 (plus HST) or \$1,680,820.74 (net of HST recoveries) over the twelve (12) month term of the lease. The costs incurred by the City for each fiscal year are as follows:</p> <p>2022: \$278,064.85 (net of HST recovery)                  2023: \$1,402,755.89 (net of HST recovery)                  Total: \$1,680,820.74 (net of HST recovery)</p> <p>Funding is available in the 2022 Council Approved Operating Budget for Court Services under cost centre CT2001, Functional Area Code 1430000000, and will be included in future Operating Budget submissions for Council consideration.</p> <p>The Chief Financial Officer and Treasurer has reviewed this DAF and agrees with the financial implications as identified in the Financial Impact section.</p>
<b>Comments</b>	<p>Court Services has occupied the Leased Premises on a sublease basis since 2019 while new space is being constructed at the North St. Lawrence Market building. The completion of the North Market building has encountered significant delays related to Covid-19 and will be delayed until late 2023.</p> <p>This sublease was extended until October 31, 2022, authorized by DAF 2022-049 dated September 10, 2022. A twelve-month Lease has been negotiated with the Landlord commencing on November 1, 2022.</p> <p>Costs related to the sublease extension and headlease are being included for recovery in a claim against the constructor of the North St. Lawrence Market building. This claim is estimated to be made in 2023 with any amounts recovered by 2024.</p> <p>The proposed costs for the rent and other major terms and conditions of the Lease are considered to be fair, reasonable and reflective of market rates.</p>
<b>Terms</b>	See Appendix "A".

<b>Property Details</b>	<b>Ward:</b>	13 – Toronto Centre
	<b>Assessment Roll No.:</b>	1904 064 450 00700
	<b>Approximate Size:</b>	
	<b>Approximate Area:</b>	2,406.28 m <sup>2</sup> ± (25,901 ft <sup>2</sup> ±)
	<b>Other Information:</b>	

A.	Executive Director, Corporate Real Estate Management has approval authority for:	Deputy City Manager, Corporate Services has approval authority for:
1. Acquisitions:	<input type="checkbox"/> Where total compensation does not exceed \$3 Million.	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.
2A. Expropriations Where City is Expropriating Authority:	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$3 Million.	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million.
2B. Expropriations For Transit-Related Purposes Where City is Property Owner or Has Interest in Property Being Expropriated:	<input type="checkbox"/> (a) Acceptance of statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$3 Million. <b>Request/waive hearings of necessity delegated to less senior positions.</b>	<input type="checkbox"/> (a) Acceptance of statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million. <b>Request/waive hearings of necessity delegated to less senior positions.</b>
3. Issuance of RFPs/REOs:	<input type="checkbox"/> Issuance of RFPs/REOs.	<input type="checkbox"/> Issuance of RFPs/REOs.
4. Permanent Highway Closures:	<input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.	<input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.
5. Transfer of Operational Management to Divisions, Agencies and Corporations:	<input type="checkbox"/> Transfer of Operational Management to Divisions, Agencies and Corporations.	<input type="checkbox"/> Transfer of Operational Management to Divisions, Agencies and Corporations.
6. Limiting Distance Agreements:	<input type="checkbox"/> Where total compensation does not exceed \$3 Million.	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.
7. Disposals (including Leases of 21 years or more):	<input type="checkbox"/> Where total compensation does not exceed \$3 Million.	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.
8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan:	<input type="checkbox"/> Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.	<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 \$3 Million.	<input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$5 Million.
	<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.	<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.
	<b>Delegated to a more senior position.</b>	<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, as amended from time to time.
10. Leases/Licences (City as Tenant/Licensee):	<input checked="" type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$3 Million.	<input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.
11. Easements (City as Grantor):	<input type="checkbox"/> (a) Where total compensation does not exceed \$3 Million.	<input type="checkbox"/> (a) Where total compensation does not exceed \$5 Million.
	<input type="checkbox"/> (b) When closing roads, easements to pre-existing utilities for nominal consideration.	<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 \$3 Million.	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.
13. Revisions to Council Decisions in Real Estate Matters:	<input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (U)).	<input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (U)).
14. Miscellaneous:	<input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences	<input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences
	<input type="checkbox"/> (b) Releases/Discharges	<input type="checkbox"/> (b) Releases/Discharges
	<input type="checkbox"/> (c) Surrenders/Abandonments	<input type="checkbox"/> (c) Surrenders/Abandonments
	<input type="checkbox"/> (d) Enforcements/Terminations	<input type="checkbox"/> (d) Enforcements/Terminations
	<input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppel Certificates	<input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppel Certificates
	<input type="checkbox"/> (f) Objections/Waivers/Cautions	<input type="checkbox"/> (f) Objections/Waivers/Cautions
	<input type="checkbox"/> (g) Notices of Lease and Sublease	<input type="checkbox"/> (g) Notices of Lease and Sublease
	<input type="checkbox"/> (h) Consent to regulatory applications by City, as owner	<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"/> (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"/> (j) Documentation relating to Land Titles applications
	<input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds	<input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds

**B. Deputy City Manager, Corporate Services and Executive Director, Corporate Real Estate Management each has signing authority on behalf of the City for:**

- Documents required to implement matters for which each position also has delegated approval authority.
- 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.
- 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:	Robin Buxton Potts	Councillor:	
Contact Name:	Edward LaRusic	Contact Name:	
Contacted by:	<input type="checkbox"/> Phone <input checked="" type="checkbox"/> E-Mail <input type="checkbox"/> Memo <input type="checkbox"/> Other	Contacted by:	<input type="checkbox"/> Phone <input type="checkbox"/> E-mail <input type="checkbox"/> Memo <input type="checkbox"/> Other
Comments:	No concerns	Comments:	

**Consultation with Divisions and/or Agencies**

Division:	Court Services	Division:	Financial Planning
Contact Name:	Susan Garossino	Contact Name:	Filisha Jenkins
Comments:	No concerns	Comments:	Revisions incorporated

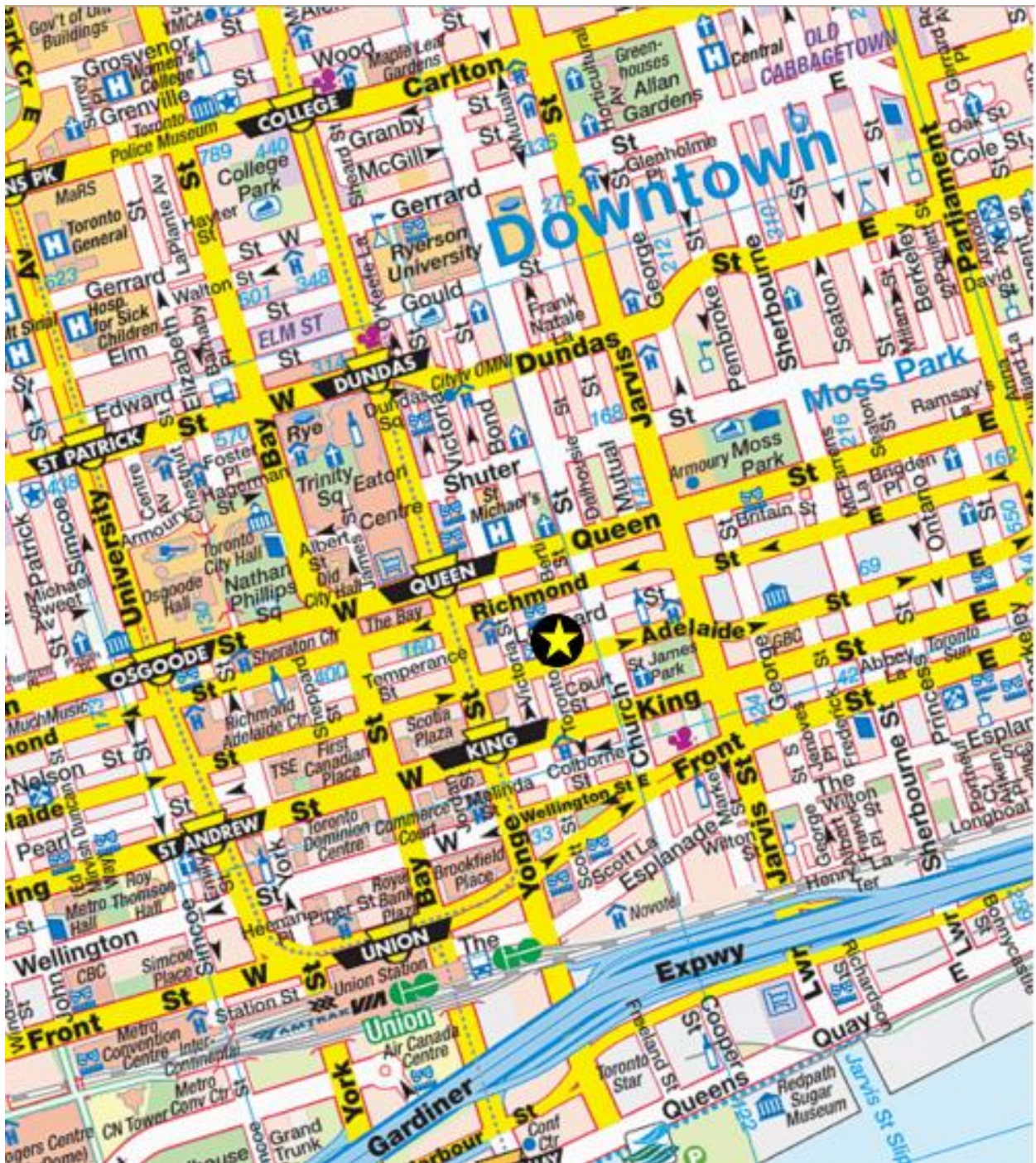
**Legal Services Division Contact**

Contact Name:	Soo Kim Lee
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DAF Tracking No.: 2022-207	Date	Signature
Recommended by: Manager, Real Estate Services	Oct. 25, 2022	Signed by Van Hua
Recommended by: Director, Real Estate Services	Oct. 31, 2022	Signed by Alison Folosea
<input type="checkbox"/> Recommended by: Executive Director, Corporate Real Estate Management	Oct. 31, 2022	Signed by Patrick Matozzo
<input checked="" type="checkbox"/> Approved by: Patrick Matozzo		
<input type="checkbox"/> Approved by: Deputy City Manager, Corporate Services Josie Scioli		

## Appendix "A" – Major Terms and Conditions of the lease

Landlord:	30 ADELAIDE STREET EAST INC., by its agent and manager, DREAM OFFICE MANAGEMENT CORP
Tenant:	City of Toronto
Address:	30 Adelaide Street East, Toronto
Leased Premises:	Suite 700, approximately 25,901 sq ft, as shown in Appendix "C"
Term:	Twelve (12) months
Options to Extend:	None
Commencement Date:	November 1, 2022
Expiry Date:	October 31, 2023
As is Condition:	The Tenant accepts the Leased Premises in an "as is" condition.
Use:	The Leased Premises may be used for only for general office and ancillary uses, or any other lawful use.
Basic Rent:	The Tenant shall pay to the Landlord basic rent ("Basic Rent") of \$906,535.00 per annum, payable in advance in equal monthly installments of \$75,544.58. Basic Rent is calculated at the annual rate of \$35.00 per square foot of the area of the Leased Premises.
HST:	Tenant shall pay HST imposed by any governmental authority based on the rent payable.
Operating Costs:	This Lease shall be fully net to Landlord. In addition to the payment of Basic Rent, Tenant shall pay to Landlord in advance on the first day of each month commencing on the Commencement Date, as Additional Rent, Realty Taxes in respect of the Leased Premises, and its Proportionate Share of Operating Costs (including Landlord's management and administration fee), the cost of all Utilities provided to the Leased Premises, and the cost of all Additional Services provided to the Tenant, plus applicable taxes. Operating Costs (including utilities) for the 2022 year are estimated at \$18.99 per square foot.
Realty Taxes:	The Tenant shall pay its proportionate share of all real property taxes, rates, local improvement rates, duties and assessments, levied, rated, charged or assessed against the Leased Premises from and after the date upon which the Tenant is required to commence paying rent. Realty Taxes for the 2022 year are estimated at \$9.31 per square foot.
Municipal Capital Facility Agreement:	Landlord acknowledges that the Tenant has the right, in its discretion, to request the Council of the City of Toronto ("City Council") to exempt the Leased Premises from taxation for municipal and school purposes under section 252 of the City of Toronto Act, 2006 and O. Reg. 598/06, both as amended, if the Tenant considers that the Leased Premises will be or are being used as a municipal capital facility. In the event that City Council passes a by-law for such an exemption, the Landlord and the Tenant shall be bound by the terms and conditions of the Municipal Capital Facility Agreement (the "MCF Agreement") attached as Schedule "B" to the Lease as of the date of the by-law coming into force or the date when the term of the Lease commences, whichever is later. The Tenant shall notify the Landlord of the passage of the by-law. The Landlord agrees to pass the full benefit of such exemption on to the Tenant during the entire period of any such exemption, with the Tenant at its option taking such benefit as: (i) a rent credit or rent adjustment, or (ii) such other manner as the Tenant acting reasonably and in the interests of transparency shall require. The MCF Agreement shall be similar as to the executed agreement dated November 1, 2020 attached as Schedule "C" to the Lease.
Restoration:	At the end of the Term, at Landlord's option and direction, the Tenant shall remove all leasehold improvements, fixtures, equipment, signage and personal property and restore the Leased Premises to Landlord's then base building standard. The Tenant shall repair and make good any damage to the Leased Premises or to the Property caused by removal of its leasehold improvements, fixtures, equipment, signage and personal property.  Potential cost of restoration of the Leased Premises to then base building standard is estimated at \$15.00 per square foot. This potential cost has been included in the total estimated cost as set out in DAF 2022-049 which authorized the sublease extension.





Appendix "C" – Floor Plan

