

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

TRACKING NO.: 2023- 265

Approved pursuant to the Delegated Authority contained in Article 2 of City of Toronto Municipal Code Chapter 213, Real Property			
Prepared By:	Shernaz Writer	Division:	Corporate Real Estate Management
Date Prepared:	October 27, 2023	Phone No.:	(437) 229-3111
Purpose	To obtain authority to revise City Council's decision made on October 1, 2021, by its adoption of GL25.8 (the "Original Council Decision") to amend certain major business terms and to add additional major business terms set out in Appendix "D" to this report. The Original Council Decision authorized a lease by the City, as landlord, to Her Majesty the Queen in Right of Ontario (now The King) as Represented by The Minister of Government and Consumer Services, as Represented by Ontario Infrastructure and Lands Corporation, as tenant, for certain premises within 111 Wellesley St. E. Toronto to allow the Ontario Disability Support Program ("ODSP") to be co-located with the Toronto Employment and Social Services (TESS) office.		
Property	The property municipally known as 111 Wellesley St E, Toronto, legally described as PT PARKLT 6 CON 1 FTB TWP OF YORK, designated as Parts 1, 3, 4, 5, 7, 10 -13, 19 -39, 42, 46, 48 - 67 on Reference Plan 63R - 4917, City of Toronto, subject to, and together with easements and agreements, City of Toronto, being Part of PIN 21106-0168 (LT)		
Actions	<p>1. Authority be granted to revise the Original Council Decision to amend certain major business terms and to add additional major business terms substantially in accordance with the terms set out in Appendix "D" such that the Original Decision shall be amended to incorporate such amendments contained in Appendix D:</p> <p>2. Authority be granted to correct a clerical error in Appendix C of the Original Council Decision which incorrectly showed the total Basic Rent for the 10 year term being \$3,319,891.00 + HST instead of \$3,155,831.25 + HST as provided in Appendix B.</p>		
Financial Impact	<p>Over the 10 year lease term, the City will receive \$3,155,831.25 (exclusive of HST) for the basic rent. Between July 2018 to December 31, the total rent payable to the City, including Basic Rent, CAM, Pandemic Enhanced Cleaning Costs and HST is \$3,124,247.55. Appendix B provides the schedule of Basic Rent and Additional Rent.</p> <p>Annual basic rent revenue to be directed to Toronto Employment and Social Services cost center C01214, and utility-related revenue, operating expenses and applicable realty taxes to be directed to the Corporate Real Estate Management cost centers FA0942 and FA0295, respectively as per Council Report.</p> <p>The Chief Financial Officer and Treasurer has reviewed this DAF and agrees with the financial impact information.</p>		
Comments	<p>City Council, through Item 2021GL25.8, authorized the lease with the provincial government for the Ontario Disability Support Program ("ODSP") to be located within the TESS office at 111 Wellesley St East. The execution of the lease was delayed due to unavoidable circumstances. The parties will be executing the lease with the retroactive start date of July 23, 2018. The financial information has subsequently been updated to correct the Base Rent and Additional Rent. This DAF amends the original Council authority to provide the revised financial information and amended Terms & Conditions to address Realty Taxes and payment schedule of retroactive rent. In addition, Item - 2017. MM31.35 adopted by Council on July 4, 5, 6 and 7, 2017 provided that City Council grant exemption from late payment fees & NSF Fees for agreements with co-located/shared spaces between ODSP and TESS programs.</p> <p>The proposed costs for the rent and other major terms and conditions of the Agreement are considered to be fair, reasonable and reflective of market rates.</p>		
Terms	See Appendix "D"		
Property Details	Ward:	13 – Toronto Center	
	Assessment Roll No.:	1904068250013700000, 1904068250013700001, 1904068250013700002, 1904068250013700003	
	Approximate Size:	7,085 sq. ft.	
	Approximate Area:		
	Other Information:		

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/REOIs:</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 & 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 \$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>Delegated to more senior positions.</p> <p>Delegated to more senior positions.</p> <p>Delegated to more senior positions.</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>Delegated to more senior positions.</p> <p><input type="checkbox"/> (a) Where total compensation (including options/ renewals) does not exceed</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>Leases pursuant to the Community Space Tenancy Policy delegated to a more senior position.</p> <p><input 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>Delegated to more senior positions.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$50,000.</p> <p>Delegated to more senior positions.</p> <p>Delegated to more senior positions.</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/REOIs.</p> <p><input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.</p> <p>Delegated to more senior positions.</p> <p><input type="checkbox"/> Where total compensation does not exceed</p> <p><input type="checkbox"/> Where total compensation does not exceed</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</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>Leases pursuant to the Community Space Tenancy Policy delegated to a more senior position.</p> <p><input type="checkbox"/> Where total compensation (including options/ renewals) does not exceed \$1</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</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</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/</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>

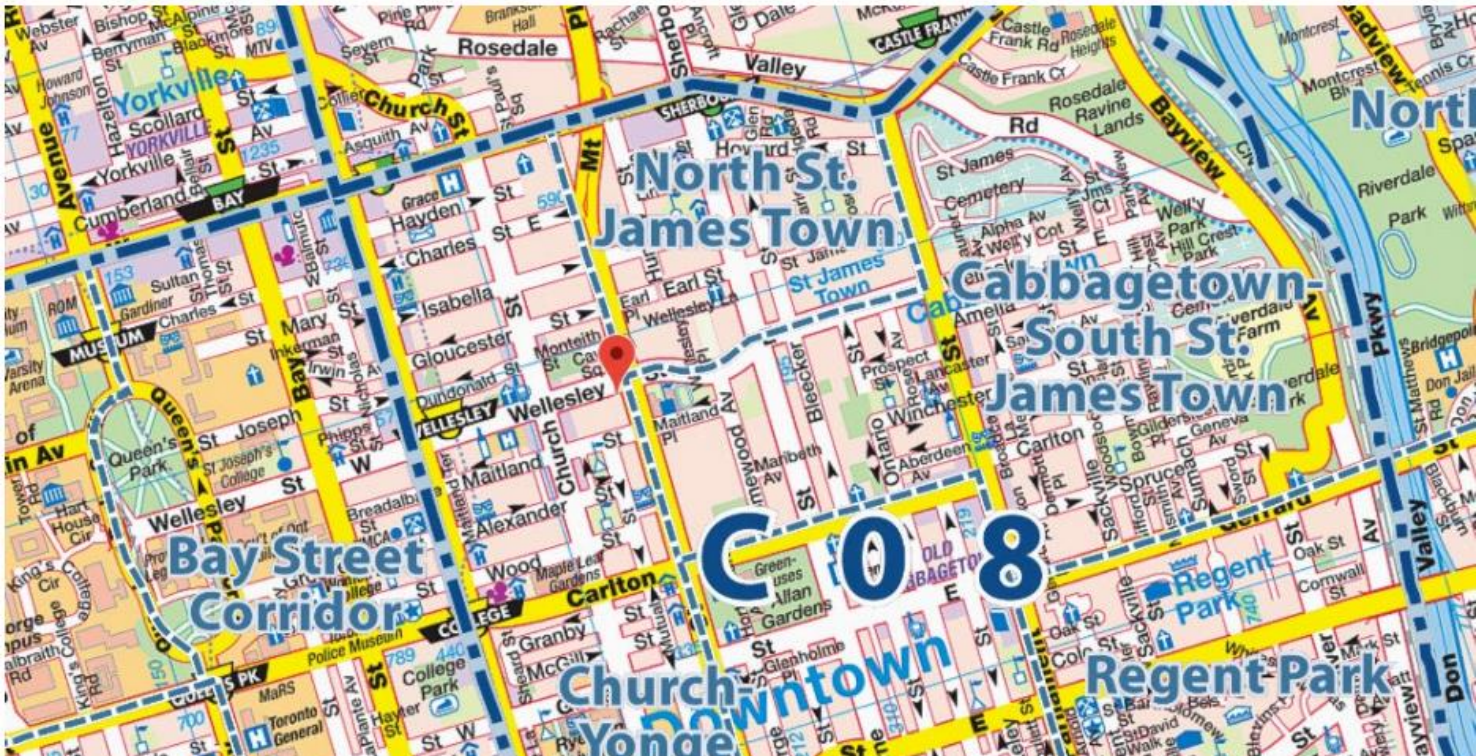
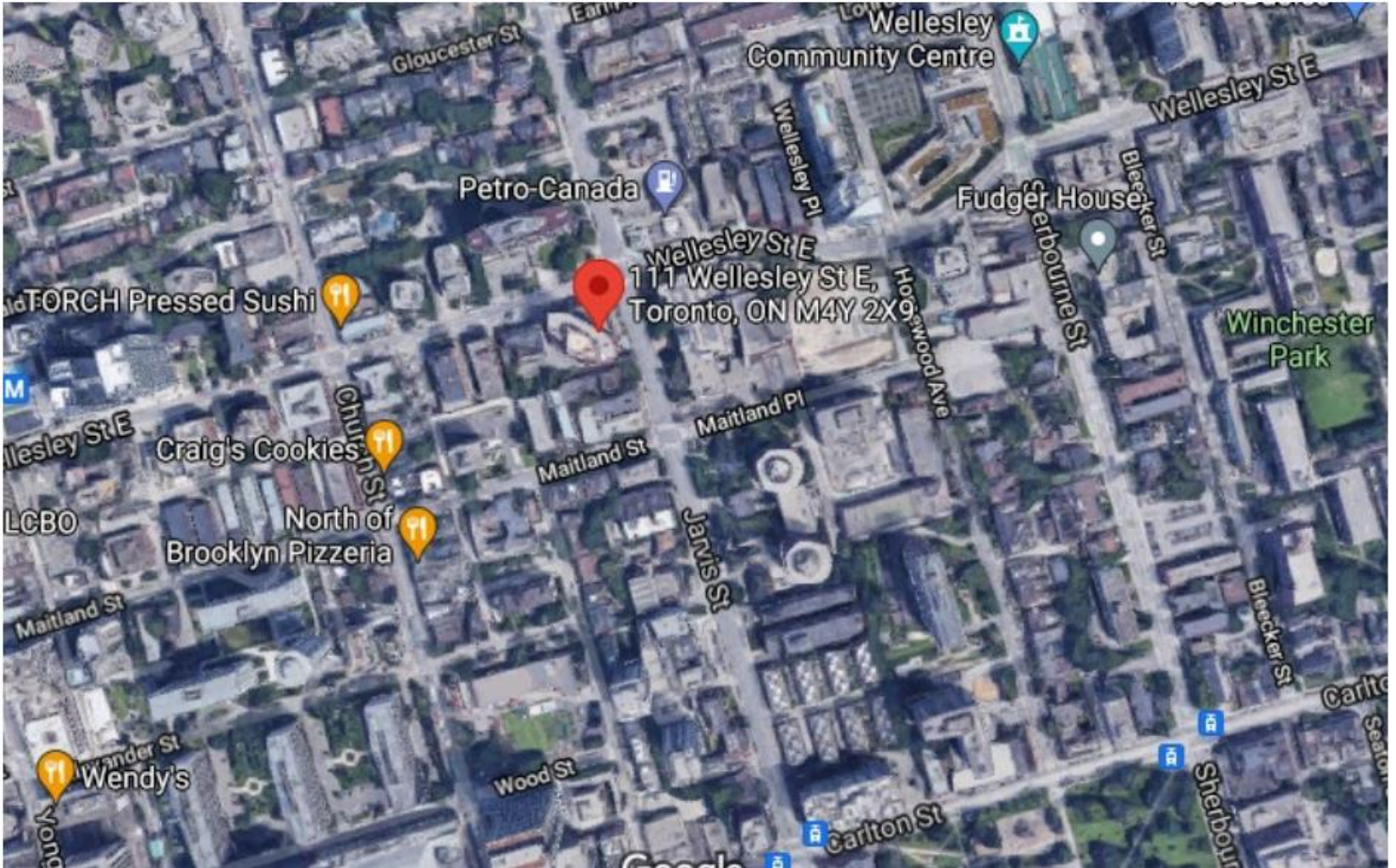
B. Director, Real Estate Services and Manager, Real Estate Services each has signing authority on behalf of the City for:
<ul style="list-style-type: none"> Documents required to implement matters for which each position also has delegated approval authority. Expropriation Applications and Notices following Council approval of expropriation (Managers whose position includes responsibility for Council-approved expropriations are the only Managers with such signing authority).
Director, Real Estate Services also has signing authority on behalf of the City for:
<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 Community Space Tenancy Leases approved by delegated authority by the Deputy City Manager, Corporate Services and any related

Pre-Condition to Approval														
<input checked="" type="checkbox"/> Complies with General Conditions in Appendix B of City of Toronto Municipal Code Chapter 213, Real Property														
Consultation with Councillor(s)														
Councillor:			Councillor: Moise						Councillor:					
Contact Name:			Tyler Johnson						Contact Name:					
Contacted by:			Phone	<input checked="" type="checkbox"/> E-Mail	Memo	Other	Contacted by:			Phone	E-mail	Memo	Other	
Comments:			No objection											
Consultation with Divisions and/or Agencies														
Division:			Toronto Employment & Social Services						Division:			Financial Planning		
Contact Name:			Jeff Parkovnick						Contact Name:			Ciro Tarantino		
Comments:			Concurred						Comments:			No objection		
Legal Services Division Contact														
Contact Name:			Kathleen Kennedy											

DAF Tracking No.: 2023- 265	Date	Signature
<input checked="" type="checkbox"/> Recommended by: Manager, Real Estate Services Jennifer Kowalski <input type="checkbox"/> Approved by:	Dec. 19, 2023	Signed by Jennifer Kowalski
<input checked="" type="checkbox"/> Approved by: Director, Real Estate Services Alison Folosea	Dec. 19, 2023	Signed by Alison Folosea

APPENDIX "A"

Location Map of 111 Wellesley Street East



Appendix B

Financial Impact Chart

Corrected Basic Rent Table to Correct Clerical Error in Appendix C to Original Council Decision						
Lease Year	From	To	# of mo	Basic Rent Rate \$/s.f.	Basic Rent / M (pre-HST)	Annual Basic rent per Lease Year (pre-HST)
Fixture period	July 23, 2018	August 31, 2018	1.33	0	No basic rent	0
Year 1	September 1, 2018	January 31, 2019	5	0	Free basic rent	0
Year 1	February 1, 2019	August 31, 2019	7	\$ 20.00	\$ 26,081.25	\$ 182,568.75
Year 2	September 1, 2019	August 31, 2020	12	\$ 20.00	\$ 26,081.25	\$ 312,975.00
Year 3	September 1, 2020	August 31, 2021	12	\$ 20.00	\$ 26,081.25	\$ 312,975.00
Year 4	September 1, 2021	August 31, 2022	12	\$ 20.00	\$ 26,081.25	\$ 312,975.00
Year 5	September 1, 2022	August 31, 2023	12	\$ 20.00	\$ 26,081.25	\$ 312,975.00
Year 6	September 1, 2023	August 31, 2024	12	\$ 22.00	\$ 28,689.38	\$ 344,272.50
Year 7	September 1, 2024	August 31, 2025	12	\$ 22.00	\$ 28,689.38	\$ 344,272.50
Year 8	September 1, 2025	August 31, 2026	12	\$ 22.00	\$ 28,689.38	\$ 344,272.50
Year 9	September 1, 2026	August 31, 2027	12	\$ 22.00	\$ 28,689.38	\$ 344,272.50
Year 10	September 1, 2027	August 30, 2028	12	\$ 22.00	\$ 28,689.38	\$ 344,272.50
					Total	\$ 3,155,831.25

Total Rent Payments – July 2018 to December 2023						
From	To	Basic rent	CAM	Pandemic Enhanced Cleaning Costs	HST	Total Due
July 23, 2018	August 31, 2018	\$ -	\$ 26,277.34		\$ 3,416.05	\$ 29,693.39
September 1, 2018	December 31, 2018	\$ -	\$ 80,145.90		\$ 10,418.97	\$ 90,564.87
January 1, 2019	December 31, 2019	\$ 286,893.75	\$ 254,991.02		\$ 70,445.02	\$ 612,329.79
January 1, 2020	December 31, 2020	\$ 312,975.00	\$ 198,578.45	\$ 7,385.49	\$ 67,462.06	\$ 586,401.00
January 1, 2021	December 31, 2021	\$ 312,975.00	\$ 192,919.51	\$ 9,982.66	\$ 67,064.03	\$ 582,941.20
January 1, 2022	December 31, 2022	\$ 312,975.00	\$ 180,831.68	\$ 4,727.36	\$ 64,809.42	\$ 563,343.46
January 1, 2023	December 31, 2023	\$ 323,407.50	\$ 259,755.19		\$ 75,811.15	\$ 658,973.84
	Total	\$ 1,549,226.25	\$ 1,193,499.10	\$ 22,095.51	\$ 359,426.70	\$ 3,124,247.55

** CAM estimated for Jan – Dec'23 ***

Financial Impact:

There is no change to the Basic Rent but there was a clerical error in Appendix C of the Original Council Decision which is being corrected as shown in Appendix B. At the time of the Original Council Decision, the Operating Expenses and Realty Taxes were just estimates and were shown in Appendix C of the Original Council Decision. Currently, the actual Operating Expenses up to December 31, 2023 have been calculated by CREM staff and settled with the Tenant and the Tenant has agreed to pay the arrears of Basic Rent and arrears of Operating Expenses and HST outstanding to December 31, 2023 in the total amount of 3,124,247.55 over a 24 month period in accordance with the Repayment Schedule attached as Appendix "C" to this report. The City is not being charged Realty Taxes at this time because the subject property is owned by the City and MPAC has not assessed the property as taxable; however, MPAC could assess realty taxes on the leased premises once the lease is provided to MPAC. The Tenant has agreed to pay Realty Taxes upon presentation of a tax statement from the City, as landlord, and thereafter Realty Taxes will be paid by the Tenant as part of Additional Rent in accordance with the Lease + HST. In accordance with City policy, the City will not be collecting late payment fees or interest on the arrears of Basic Rent and arrears of Operating Expenses to December 31, 2023 from this Tenant.

APPENDIX "C"

Retroactive Rent Payment Schedule

1. The Tenant shall pay the Retroactive Rent in twenty-four (24) equal monthly payments as follows, subject to paragraph 2 of this Schedule:

Payment Due Date	Monthly Amount	Total Amount Paid
01-Apr-24	\$130,176.98	\$ 130,176.98
01-May-24	\$130,176.98	\$ 260,353.96
01-Jun-24	\$130,176.98	\$ 390,530.94
01-Jul-24	\$130,176.98	\$ 520,707.92
01-Aug-24	\$130,176.98	\$ 650,884.90
01-Sep-24	\$130,176.98	\$ 781,061.88
01-Oct-24	\$130,176.98	\$ 911,238.86
01-Nov-24	\$130,176.98	\$1,041,415.84
01-Dec-24	\$130,176.98	\$1,171,592.82
01-Jan-25	\$130,176.98	\$1,301,769.80
01-Feb-25	\$130,176.98	\$1,431,946.78
01-Mar-25	\$130,176.98	\$1,562,123.76
01-Apr-25	\$130,176.98	\$1,692,300.74
01-May-25	\$130,176.98	\$1,822,477.72
01-Jun-25	\$130,176.98	\$1,952,654.70
01-Jul-25	\$130,176.98	\$2,082,831.68
01-Aug-25	\$130,176.98	\$2,213,008.66
01-Sep-25	\$130,176.98	\$2,343,185.64
01-Oct-25	\$130,176.98	\$2,473,362.62
01-Nov-25	\$130,176.98	\$2,603,539.60
01-Dec-25	\$130,176.98	\$2,733,716.58
01-Jan-26	\$130,176.98	\$2,863,893.56
01-Feb-26	\$130,176.98	\$2,994,070.54
01-Mar-26	\$130,177.01	\$3,124,247.55

2. Notwithstanding the foregoing, the Tenant shall also have the right to accelerate any payments of Retroactive Rent at the Tenant's sole discretion, provided that the total amount paid at the beginning of each month shall not be less than the amount indicated in the third column of the table above.

Appendix "D"**Amended Major Terms and Conditions**

Amended Tenant: His Majesty the King in right of Ontario as represented by the Minister of Infrastructure, and Ontario Disability Support Program is the user/occupant of the Premises.

Realty Taxes: Tenant will pay any arrears of Realty Taxes upon presentation of a tax statement from the Landlord and thereafter Realty Taxes will be paid as part of Additional Rent in accordance with the Lease.

Insurance: His Majesty the King in right of Ontario as represented by the Minister of Infrastructure is self-insured with respect of damage to the Premises and will maintain during the Term coverage with respect to commercial general liability risks as a 'Protected Person' under the Government of Ontario General and Road Liability Protection Program, which is funded by His Majesty the King in right of Ontario. The coverage shall provide limits of at least Five Million Dollars (\$5,000,000.00) per occurrence.

Repayment Schedule: The arrears of Basic Rent and Additional Rent plus HST to December 31, 2023 (totaling \$ 3,124,247.55 as per the attached chart) be paid by the Tenant over a 24 month period pursuant to a Repayment Schedule for this said amount (Appendix C) with the right of the Tenant to accelerate payments as provided in the Repayment Schedule.