

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

TRACKING NO.: 2024-026

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:	February 22, 2024	Phone No.:	(437) 229-3111

<b>Purpose</b>	To obtain authority to revise City Council's decision made on December 13, 14, 15, 2016 by its adoption of GM 16.18 (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 sublease (the "Sublease") by the City, as sublandlord, 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 (the "Subtenant"), as subtenant, for certain premises within the Property to allow an Ontario Disability Support Program ("ODSP") office to be co-located with the Toronto Employment and Social Services ("TESS") office. The revision to the council authority permits the subtenant to pay the arrears of rent calculated to December 31, 2023 over a 24 month period in accordance with a Repayment Schedule shown as Appendix "C".
<b>Property</b>	The property municipally known as 1 Yorkgate Boulevard, Unit 1108B, Toronto, as shown on the Location Map in Appendix "A".
<b>Actions</b>	<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; and</p> <p>2. Authority be granted to correct a clerical error in the original Staff Report under 4. which incorrectly showed the total Basic Rent for the 10 year term being \$ 1,810,336.63 + HST instead of \$3,420,777.00 + HST.</p>
<b>Financial Impact</b>	<p>See Appendix "B"</p> <p>The Chief Financial Officer and Treasurer has reviewed this DAF and agrees with the financial impact information.</p>
<b>Comments</b>	<p>City Council, through Item 2016 GM 16.18, authorized the Sublease for the ODSP office on the terms set out in the related Staff Report. The Subtenant has possession of its sub-premises but the execution of the Sublease was delayed due to unavoidable circumstances. The parties are executing the Sublease with the retroactive start date of December 14, 2016. 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 to address realty taxes and a 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 &amp; 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 Sublease are considered to be fair, reasonable and reflective of market rates.</p>
<b>Terms</b>	See Appendix "D"

<b>Property Details</b>	<b>Ward:</b>	Humber River–Black Creek
	<b>Assessment Roll No.:</b>	19 08 013 270 002 50
	<b>Approximate Size:</b>	4,734 sq. ft
	<b>Approximate Area:</b>	4,734 + 10,879 sq. ft (shared)
	<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"/> (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"/> (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"/> (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 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"/> (b) When closing roads, easements to pre-existing utilities for nominal consideration.	<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.
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 checked="" 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"/> (b) Releases/Discharges <input type="checkbox"/> (c) Surrenders/Abandonments <input type="checkbox"/> (d) Enforcements/Terminations <input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppel Certificates <input type="checkbox"/> (f) Objections/Waivers/Cautions <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	<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/Estoppel Certificates <input type="checkbox"/> (f) Objections/Waivers/Cautions <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>B. Deputy City Manager, Corporate Services and Executive Director, Corporate Real Estate Management each has signing authority on behalf of the City for:</b>
<ul style="list-style-type: none"> <li>• Documents required to implement matters for which each position also has delegated approval authority.</li> <li>• Agreements of Purchase and Sale and all implementing documentation for purchases, sales and land exchanges not delegated to staff for approval.</li> <li>• Expropriation Applications and Notices following Council approval of expropriation.</li> <li>• Community Space Tenancy Leases approved by delegated authority by the Deputy City Manager, Corporate Services and any related documents.</li> </ul>

**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:	Anthony Perruzza	Councillor:	
Contact Name:	Matias de Dovitiis	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 objection	Comments:	

**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:	Concurred

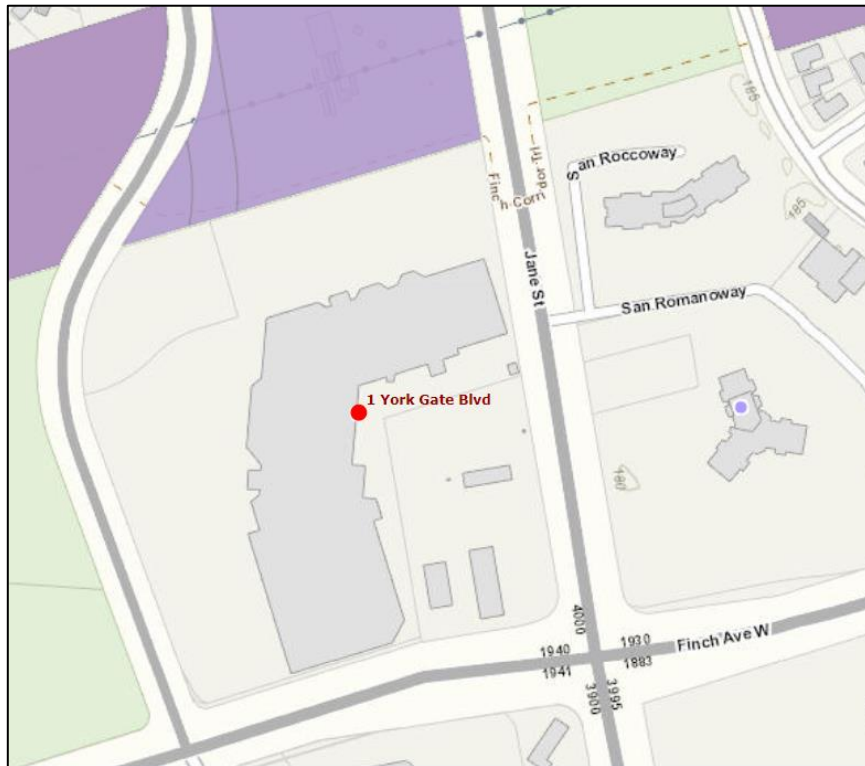
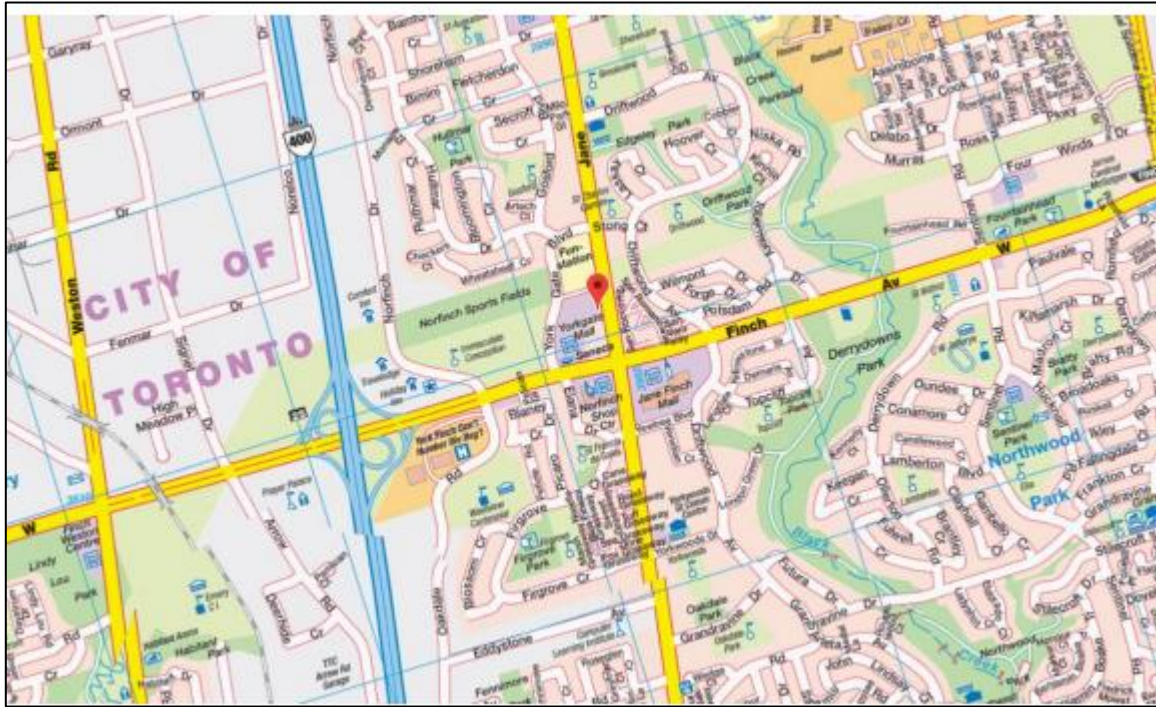
**Legal Services Division Contact**

Contact Name: Bronwyn Atkinson

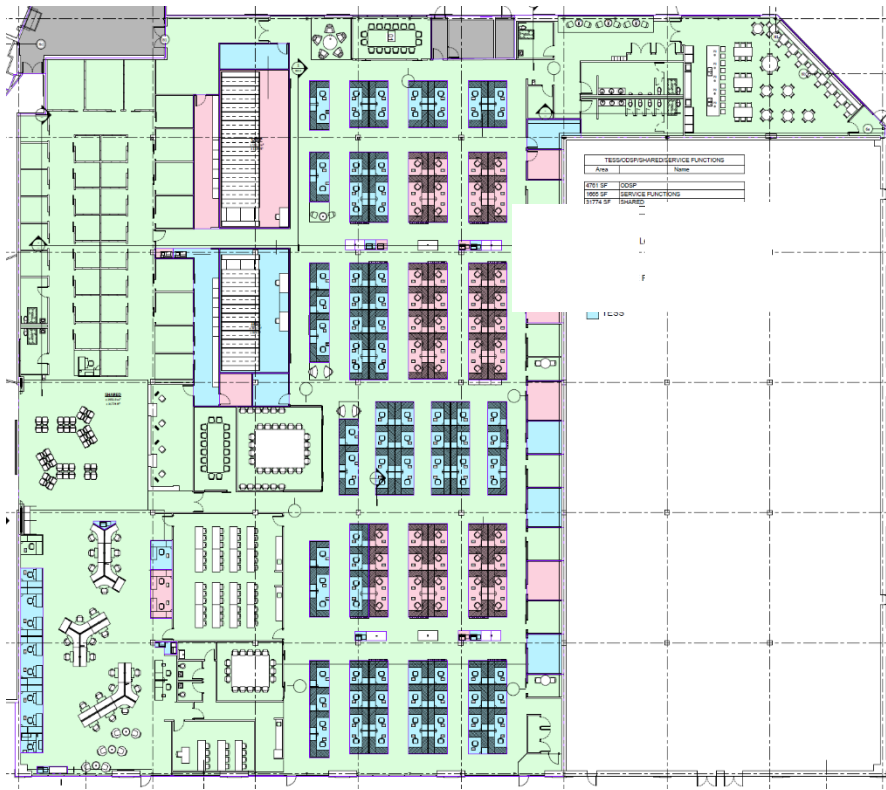
DAF Tracking No.: 2024-026	Date	Signature
Recommended by: Manager, Real Estate Services Jennifer Kowalski	February 23, 2024	Signed by Jennifer Kowalski
Recommended by: Director, Real Estate Services Alison Folosea	February 29, 2024	Signed by Alison Folosea
<input checked="" type="checkbox"/> Recommended by: Executive Director, Corporate Real Estate Management <input type="checkbox"/> Approved by: Patrick Matozzo	February 29, 2024	Signed by Patrick Matozzo
<input checked="" type="checkbox"/> Approved by: Deputy City Manager, Corporate Services David Jollimore	March 1, 2024	Signed by David Jollimore

# APPENDIX "A"

## Location Map



### Sketch of Subleased Premises



**Appendix B**  
**Financial impact for 1 Yorkgate**

<b>Corrected Basic Rent Table to Correct Clerical Error in Appendix C to Original Council Decision</b>						
<b>Lease Year</b>	<b>From</b>	<b>To</b>	<b># of days</b>	<b>Basic Rent Rate \$/s.f.</b>	<b>Basic Rent / D (pre-HST)</b>	<b>Annual Basic rent per Lease Year (pre-HST)</b>
Fixture period	May 18, 2018	August 31, 2018	106.00	-	Net Rent Free	0
Year 1	September 1, 2018	November 30, 2018	91.00	\$ 12.00	\$ 513.28	\$ 46,708.43
Year 2	December 1, 2018	November 30, 2019	365.00	\$ 12.00	\$ 513.28	\$ 187,347.00
Year 3	December 1, 2019	November 30, 2020	366.00	\$ 12.00	\$ 511.88	\$ 187,347.00
Year 4	December 1, 2020	November 30, 2021	365.00	\$ 12.00	\$ 513.28	\$ 187,347.00
Year 5	December 1, 2021	November 30, 2022	365.00	\$ 12.00	\$ 513.28	\$ 187,347.00
Year 6	December 1, 2022	November 30, 2023	365.00	\$ 13.00	\$ 556.05	\$ 202,959.25
Year 7	December 1, 2023	November 30, 2024	366.00	\$ 13.00	\$ 554.53	\$ 202,959.25
Year 8	December 1, 2024	November 30, 2025	365.00	\$ 13.00	\$ 556.05	\$ 202,959.25
Year 9	December 1, 2025	November 30, 2026	365.00	\$ 13.00	\$ 556.05	\$ 202,959.25
Year 10	December 1, 2026	November 29, 2027	364.00	\$ 13.00	\$ 556.05	\$ 202,403.20
					<b>Total</b>	<b>\$ 1,810,336.63</b>

<b>Outstanding Rents as of December 31, 2023</b>							
<b>From</b>	<b>To</b>	<b>Basic rent</b>	<b>CAM</b>	<b>Pandemic Enhanced Cleaning Costs</b>	<b>Tax</b>	<b>HST</b>	<b>Total Due</b>
May 18 2018	August 31, 2018	\$ -	\$ 79,956.18		\$ 17,776.62	\$ 12,705.26	\$ 110,438.06
September 1, 2018	December 31, 2018	\$62,620.09	\$92,025.03		\$20,459.89	\$22,763.65	\$197,868.66
January 1, 2019	December 31, 2019	\$187,347.00	\$301,391.59	-	\$37,765.63	\$68,445.55	\$594,949.77
January 1, 2020	December 31, 2020	\$187,347.00	\$295,099.61	\$2,936.14	\$45,295.04	\$68,988.11	\$599,665.90
January 1, 2021	December 31, 2021	\$187,347.00	\$299,919.56	\$12,156.76	\$43,031.23	\$70,519.09	\$612,973.63
January 1, 2022	December 31, 2022	\$188,672.97	\$317,027.36	\$9,630.56	\$45,144.96	\$72,861.86	\$633,337.71
January 1, 2023	December 31, 2023	\$202,959.25	340,699.67		\$45,144.96	\$76,544.50	\$665,348.38
	<b>Total</b>	<b>\$1,016,293.32</b>	<b>\$1,726,118.99</b>	<b>\$24,723.45</b>	<b>\$ 254,618.33</b>	<b>\$ 392,828.02</b>	<b>\$ 3,414,582.11</b>

\*\* CAM estimated for Jan'22 – Dec'23 \*\*\*

**Financial Impact:**

There is no change to the Basic Rent but there was a clerical error in the original Staff Report which is corrected as shown in Appendix B. The original Staff Report included estimates of the anticipated Operating Expenses and Realty Taxes. Currently, the actual Operating Expenses up to December 31, 2023 have been calculated by CREM staff and settled with the Tenant. 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 3,414,582.11 over a 24 month period in accordance with the Repayment Schedule attached as Appendix "C" of this DAF. The City has not been charged Realty Taxes at this time because the subject property is leased 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.

Basic rent revenue will be part of the CREM budget for 2024 under a new cost center is in the process of being created. The utility-related revenue and operating expenses and applicable realty taxes to be directed to Corporate Real Estate Management cost centers FA3107 for security costs, FA6412 for custodial cost and FA6413 for operating cost, respectively. The revenue and the operating expenses for the duration of the term of the lease will continue to be distributed to the same cost centers as they were from 2016.

**SCHEDULE "C"****Retroactive Rent Payment Schedule**

Retroactive Rent in twenty-four (24) equal monthly payments as follows, subject to paragraph 2 of the Schedule:

<b>Payment Due Date</b>	<b>Monthly Amount</b>	<b>Total Amount Paid</b>
April 1, 2024	\$142,274.25	\$142,274.25
May 1, 2024	\$142,274.25	\$284,548.50
June 1, 2024	\$142,274.25	\$426,822.75
July 1, 2024	\$142,274.25	\$569,097.00
August 1, 2024	\$142,274.25	\$711,371.25
September 1, 2024	\$142,274.25	\$853,645.50
October 1, 2024	\$142,274.25	\$995,919.75
November 1, 2024	\$142,274.25	\$1,138,194.00
December 1, 2024	\$142,274.25	\$1,280,468.25
January 1, 2025	\$142,274.25	\$1,422,742.50
February 1, 2025	\$142,274.25	\$1,565,016.75
March 1, 2025	\$142,274.25	\$1,707,291.00
April 1, 2025	\$142,274.25	\$1,849,565.25
May 1, 2025	\$142,274.25	\$1,991,839.50
June 1, 2025	\$142,274.25	\$2,134,113.75
July 1, 2025	\$142,274.25	\$2,276,388.00
August 1, 2025	\$142,274.25	\$2,418,662.25
September 1, 2025	\$142,274.25	\$2,560,936.50
October 1, 2025	\$142,274.25	\$2,703,210.75
November 1, 2025	\$142,274.25	\$2,845,485.00
December 1, 2025	\$142,274.25	\$2,987,759.25
January 1, 2026	\$142,274.25	\$3,130,033.50
February 1, 2026	\$142,274.25	\$3,272,307.75
March 1, 2026	\$142,274.36	\$3,414,582.11

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**

**Landlord:** City of Toronto

**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.

**Address:** 1 Yorkgate Boulevard East, Toronto

**Leased Premises:** Part of the building located at 1 Yorkgate Boulevard East leased by the City to the Tenant. The Tenant will have 4,733.64 square feet of dedicated space (the "Leased Premises"). The Tenant and T.E.S.S. will share the shared space of 10,878.61 square feet, with the Tenant's portion of the shared space being 8,563.75 square feet (the "Tenant's portion of the Shared Facilities") (31% of the total shared space). The total leasable square footage occupied by Tenant is a combined 15,648.75 square feet.

**Area (s.f.)**

Dedicated	4,733.64
Shared Circulation	10,878.61
<b>Total</b>	<b><u>15,612.25</u></b>

**Term:** Nine (9) years six months (6) and twelve (12) days commencing May 18, 2018

**Options to Extend:** Two (2) options to extend the Lease for a term of five (5) years each at the then fair market basic rent rate.

**Commencement Date:** May 18, 2018

**Expiry Date:** November 29, 2027

**Use:** The Leased Premises may be used only for general office and ancillary uses, or any other lawful use.

**Basic Rent**

Rent free period:

Five (5) months, commencing December 1, 2017, to August 31, 2018. During the Basic Rent-Free Period, the Tenant will be responsible for complying with all other terms of the Lease, including payment of Additional Rent.

**Interest Outstanding:** The Tenant does not owe any interest on outstanding rents as per City Council adoption of Item MM31.35 on July 4, 2017, where the Tenant was granted exemption from Late Payment fees and Non-Sufficient Fund fees for all agreements for T.E.S.S. to collocate/share space with O.D.S.P. including leases, subleases, and subsequent extensions/renewals provided that O.D.S.P. is the only user of the shared space.

**Additional Rent:** To be paid in accordance with the Lease and based on the 2023 estimate.

**CAM and Pandemic Enhanced Cleaning Costs (HST in):** are shared as per the table above.

**Termination:**

At any time during the Term and any extension thereof, either party shall have the right to terminate the Lease upon giving at least twenty-four (24) months' notice to the other party.

**Realty Taxes:** Estimated Realty Taxes payable by the Tenant for the first Lease Year is \$7.36 per square foot of the Premises and the Tenant's portion of the Shared Facilities. 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.

**As is Condition:** The Tenant accepts the Leased Premises in an "as is" condition.

**Repayment Schedule:** The arrears of Basic Rent and Additional Rent plus HST to December 31, 2023 (totaling \$ 3,414,582.11 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.