

IN-CAMERA COUNCIL MEETING

JUNE 27, 2017

DECISIONS AND REPORTS RELEASED

Lease of Premises Located at 450 SW Marine Drive

- A. THAT Council authorize the Director of Real Estate Services to negotiate and execute a lease (the "Lease") between Gateway Commercial Limited Partnership and 8440 Cambie Nominee Corp. (together, the "Landlord") and the City of Vancouver (the "Tenant") for the premises located on the 11th and 12th floors of 450 SW Marine Drive, Vancouver, BC, V5X 0C3, legally described as PID: 029-642-078, Air Space Parcel 1, Block 8, District Lot 311, Group 1, New Westminster District, Air Space Plan EPP52215, as shown in Appendix A of the Administrative Report dated June 9, 2017, entitled "Lease of Premises Located at 450 SW Marine Drive" (the "Premises") on the following general terms and conditions:

Term: Ten (10) years.

Option to Renew: Two (2) terms of five (5) years each.

Lease Area: Approximately 21,586 square feet on the 11th floor and approximately 5,537 square feet on the 12th floor.

Net Rent: Years 1 - 5: s.17(1) per annum (s.17(1) SF rental rate) plus GST.
Years 6 - 10: s.17(1) per annum (s.17(1) SF rental rate) plus GST.

Storage Space: Approximately 1,377 square feet of storage area in the parkade.

Storage Rent: s.17(1) per annum (s.17(1) SF) plus GST for the term of the Lease.

Parking: 43 parking stalls at a market rate of s.17(1) per stall plus 21% Transit Levy.

Parking Rent: s.17(1) per annum (Year 1), subject to market rate adjustments over the term of the Lease.

Operating Costs & Taxes: s.17(1) square foot (estimated for 2017) per annum.

Operating Costs include: repairs, maintenance, office security, supplies, janitorial and recycling, landscaping, and Landlord's insurance.

[Estimate of total occupancy costs in Year 1 = s.17(1) inclusive of Net Rent, Operating Costs & Taxes, Parking and Storage.]

Tenant Inducements: Tenant Improvement Allowance: Landlord to provide a contribution to Tenant's Works in the amount of s.17(1) per square foot (s.17(1)).

Fixturing Allowance: s.17(1)
s.17(1)
s.17(1) Tenant will be responsible for the costs of its separate utilities during the Fixturing Period.

Possession Date: The later of thirty (30) days after Landlord delivers to the Tenant a copy of the Occupancy Permit for the Premises and November 1, 2017.

Fixturing Period: 30 days starting on the Possession Date.

Commencement Date: The day next following the expiry of the Fixturing Period, as herein described.

Indemnity by Tenant: To indemnify and hold harmless the Landlord from and against any claims, losses, actions, suits, damages, costs and charges ("Claims") arising out of or in connection with any injury or loss or damage to property arising from or caused by:

- (i) the Lease;
- (ii) any occurrence in, upon or at the Premises;
- (iii) occasioned by any fault, default, negligence, act or omission of the Tenant, the Tenant's personnel, or those for whom the Tenant is in law responsible; or
- (iv) breach of environmental provisions in the Lease.

Other Terms and Conditions: Such other terms and conditions of the Lease are to be drawn to the satisfaction of the Directors of Legal and Real Estate Services, it being noted that

no legal rights or obligations shall arise or be created until the lease document is fully executed by both parties.

Operating budget costs include Net Rent, Storage Rent & Parking Rent, Operating Costs and Taxes. For 2017, the Operating budget costs will be funded from within the approved 2017 City Operating Budget. For 2018 onwards, funding for this lease will be included in the 2018 Operating Budget and brought forward to Council for approval in December 2017.

- B. THAT, subject to approval of A above, Council approve up to s.17(1) for Phase 1 - the Tenant's Works at the Premises, and Phase 2 - staff accommodation in the newly vacated space at City Hall campus (together, the "Total Project Cost"). The source of funds to be:
- (i) s.17(1) from the Capital Facilities Reserve on an interim basis, to be replaced by Civic Facilities debenture upon approval of a change in use of borrowing authority to be brought to Council through the quarterly capital budget process; and
 - (ii) s.17(1) reallocated from the multi-year capital project budget for Drivers Program Office Space.

Expenditures will be managed within the overall approved Annual Capital Expenditure Budget.

The Administrative Report dated June, 7, 2017, refers. RTS #12033

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