Report of the Commissioner of Finance, in accordance with Regional Capital Financing and Debt Policy and Section 9 of Ontario Regulation 266/02.

Re: Five year lease extension agreement for 14,022 sq. ft. for the existing Health Services Dept. office located at 4261 Highway 7 East in the Town of Markham

1. A comparison between the fixed and estimated costs and the risks associated with the proposed lease and those associated with other methods of financing;

The lease has a fixed base rent of $13.07/sq. ft. and the tenant is responsible for other costs (utilities, common areas, realty taxes, leaseholds) based on actual bills and estimated at approximately $9.15/sq. ft. As similar properties in the same vicinity command a gross lease rate between $25 and $35/sq. ft., this lease is deemed to compare favourably. Potentially more advantageous long term solutions are subject to the overall implementation of the Region's Strategic Accommodation Plan.

2. A statement summarizing, as may be applicable, the effective rate or rates of financing for the lease, the ability for lease payment amounts to vary, and the methods or calculations, including possible financing rate changes, that may be used to establish that variance under the lease;

Not applicable – See 1 above

3. A statement summarizing any contingent payment obligations under the lease that in his or her opinion would result in a material impact for the municipality, including lease termination provisions, equipment loss, equipment replacement options and guarantees and indemnities;

Pursuant to the usual tenant's covenants, the only contingent payment obligations that could arise are related compensation for damages and tenant's indemnity arising from any act or omission of the tenant or any licensee, contractor, employees, invitee, etc. We do not however anticipate any material contingent payment.

4. A summary of the assumptions applicable to any possible variations in the lease payment and contingent payment obligations;

Property Services Dept. staff indicate that the other costs (estimated at $9.15 sq. ft.) could vary within +/- 10% (+/- $12,800/year) but are not deemed to pose a material financial risk.

5. Any other matters the Commissioner of Finance or Council considers advisable.

There are no other material matters to report on this lease.

Commissioner of Finance

Aug 20/04

Date