

TERM SHEET

Affiliation Agreement Between The Governing Council of the University of Toronto and the University of Toronto Schools - Summary of Key Terms.

1. **Term:** the term is from July 1, 2006 to June 30, 2021. Any decision as to whether or not to renew the term by mutual agreement must be made by December 31, 2014.
2. **Academic Affiliation Activities:** to facilitate the achievement by UTS of its educational objects within the University community a “Joint Academic Affiliation Activities Committee” is established. The University is not bound to undertake any particular activities, but the Committee provides a forum for exploration of mutually beneficial areas of cooperation.
3. **UTS Name, Marks, etc:** The University retains the property in the UTS name and all trade marks, etc. It licenses them to UTS on a royalty-free basis during the term of the Agreement.
4. **Transfer of Assets:** the financial assets that the University currently holds on behalf of UTS (endowed bursary funds, other endowed funds, expendable building funds and certain other expendable funds) as well as some physical assets (furniture and equipment) and cash on hand are transferred to UTS on Closing or as soon thereafter as legally permitted. In the case of the endowed and expendable funds the transfer is subject to court approval to ensure that the terms of any of the endowments are respected. UTS (or a charitable foundation it sets up) must use its best efforts have its charitable status fully in place by Closing. If UTS ceases operations or fundamentally alters the nature of its business the assets revert to the University, subject to court approval.
5. **Advancement:** Effective July 1, 2006, UTS is responsible for its own advancement activities, which it may undertake on an unrestricted basis.
6. **Employee Issues:** as of July 1, 2006 UTS employees no longer have access to University pension and benefit plans or certain other benefits. A few UTS employees who were long service University employees are grandparented. Note that the OSSTF-represented employees are currently, and have been since January 1, 2004, directly employed by UTS. All post- January 1, 2004 new hires into the USW unit are UTS employees. Pre- January 1, 2004 hires in the USW group (a very small number) will be transferred to UTS in accordance with the collective agreement and the sale of a business provisions of the *Ontario Labour Relations Act* and in consultation with the union.
7. **License for use of 371 Bloor West:** UTS is granted a 15 year license for the use of specified portions of 371 Bloor (essentially what the School is using now). UTS pays an annual fee of \$615,000 for the license.

8. License for use of Roberts Street Field: UTS is granted a 15 year non-exclusive license to use the Robert Street field, for the sum of \$1. The University can terminate the license on reasonable notice, in which case it must endeavour to make reasonable alternate playing fields available. These arrangements essentially replicate the status quo. If the 371 Bloor St. W. license is extended, so may be the Robert Street field license.

9. University Facilities and Services: UTS continues to be able to access certain University services (library and athletic facilities) on the same terms and on the same rates as University staff and students have access. For one year the University provides transitional access to its AMS systems.

10. Operating Costs: UTS pays the University for cleaning and maintenance at a set rate per net assignable per square metre. It pays for utilities (hydro, gas, water) for the portion of space that it uses at market rates. It may purchase certain additional services (HR and OISE/UT Education Commons support up to specific limits) at a specified hourly rate.

11. Subsidies: the University grants a subsidy of \$6 million, paid in four equal annual installments starting on July 2, 2006 to be used over the course of the agreement to defray license fee and operating costs.

12. Revolving Line of Credit: the University grants UTS a \$4 million revolving line of credit at the rate of prime plus one half. The availability of this line of credit declines from June 30, 2013 to June 30, 2016 at which time it must be paid off. While the loan is outstanding UTS provides a financial plan to the University, together with quarterly operating statements. UTS provides a general security interest in favour of the University. Various events of default are listed, as they would be with a commercial loan.

13. Site Redevelopment: because of OISE/UT's interest in exploring the redevelopment of 371 Bloor Street W. for its own uses, and because of UTS' desire to redevelop part of the site for the School, a committee is to be struck to see if the parties can agree to submit to University governance a "Joint Proposal" for redevelopment. The University retains complete discretion as to whether to submit such a Joint Proposal to governance. The development of the Joint Proposal and its content if submitted are entirely governed by the existing University policy for the development of and approval of capital projects. The University will assume reasonable costs for UTS' planning costs for such a proposal, but such costs may be included in the final proposal submitted for governance approval. The development process is to last approximately 24 months. If, in its complete discretion, the University decides to submit a Joint Proposal for governance approval, it must ensure that what it presents gives UTS the opportunity to acquire some form of property interest (such as a long term lease or a condominium title) in the redeveloped site relating to the space that it will occupy and use.

If no Joint Proposal is submitted, or it is declined by either University or UTS governance, UTS has the ability to develop its own redevelopment proposal that must meet strict criteria. The University is not bound to accept such proposal, but it shall consider it in good faith. All of the normal University capital projects policy controls apply.

If by July 1, 2011 no redevelopment proposal of either kind has been approved, the University is to review the License to determine if it may be extended beyond June 30, 2021.

14. Transitional items: the University continues to pay for certain costs incurred prior to the setting up of UTS as a separate entity (some costs for a small number of employees and some costs for student accommodation issues).

15. Insurance: UTS is responsible for maintaining its own insurance, naming the University as a named insured, at a \$20 million per occurrence level.

16. Indemnities: the University indemnifies UTS for claims arising or having their basis prior to July 1, 2006 (UTS must provide a schedule of known or potential claims). UTS indemnifies the University for claims having their basis after that date. The University indemnifies UTS for actions of its personnel or persons acting on its behalf (cleaning, maintenance, police, fire and emergency personnel).

17. Dispute Resolution: disputes are to be resolved by non-binding mediation.

18. Termination: upon termination of the Agreement for any reason, whether default on the loan, expiry of the term without renewal, or any other reason, UTS agrees that the University has no liability whatsoever for obligations of UTS to its students or employees. Details of various events triggering termination are listed. Before taking steps that might result in wind-up UTS must advise the University.

19. Membership on UTS Board: UTS By Laws are to be revised in order to replace the two U of T Directors with Non-Affiliated Directors. The University will have Observer status on the Board.