

UNIVERSITY OF TORONTO
THE GOVERNING COUNCIL

REPORT NUMBER 129 OF THE PLANNING AND BUDGET COMMITTEE

February 4, 2009

To the Academic Board,
University of Toronto

Your Committee reports that it held a special meeting on Wednesday, February 4, 2009 at 2:00 p.m. in the Council Chamber, Simcoe Hall, at which the following were present:

Professor Wendy Rotenberg (In the Chair)
President David Naylor
Professor Cheryl Misak, Interim Vice-President
and Provost
Ms Catherine J. Riggall, Vice-President, Business
Affairs
Professor Safwat Zaky
Mr. Ken Davy
Professor Gabriele D'Eleuterio
Professor Meric Gertler
Professor David Mock
Mr. Tim Reid
Professor Andrea Sass-Kortsak
Professor Romin Tafarodi
Mr. Louis Charpentier

Secretariat:
Ms Alison Webb, Secretary

Regrets:
Professor Avrum Gotlieb (Chair)
Professor Denise Belsham
Mr. Ryan Matthew Campbell
Mr. P.C. Choo
Professor Joseph Desloges
Professor Gregory Jump
Dr. Young M. Kim
Dr. Chris Koenig-Woodyard
Professor Ronald H. Kluger
Mr. Stephen Smith
Dr. Sarita Verma

Non-voting Assessors:

Mr. Nadeem Shabbar, Chief Real Estate Officer
Ms Elizabeth Sisam, Assistant Vice-President,
Campus and Facilities Planning

In Attendance:

Professor Jill Matus, Vice Provost, Students
Ms Sheree Drummond, Assistant Provost
Ms Lucy Fromowitz, Assistant Vice-President, Student Life
Dr. Anthony Gray, Special Advisor to the President
Ms. Helen Lashiotakis, Director, Policy and Planning
Mr. Henry Mulhall, Assistant Secretary of the Governing Council
Ms Mae-Yu Tan, Assistant Secretary of the Governing Council

ITEM 1 IS RECOMMENDED TO THE ACADEMIC BOARD FOR APPROVAL.

The Chair thanked members for making time in their schedules to attend this Special Meeting of the Planning and Budget Committee. She advised that the purpose of this Special Meeting was to consider one item, the declaration of the 245 College Street property as surplus to University requirements. She noted that a special meeting may, according to the Governing Council By-Law "transact only that business for which it is called and which is set out in the notice of the meeting."

1. Declaration of Property as Surplus to University Requirements: 245 College Street, Toronto

The Chair reminded members that at the regular meeting of the Planning and Budget Committee on January 21, 2009, the debate on this matter was adjourned until the next meeting. However, in order for this matter to be considered at the next meeting of the Governing Council, scheduled for March 4, 2009, the Academic Board must consider any recommendations coming forward from the Planning and Budget Committee at its meeting on February 5, 2009. Therefore, this Special Meeting was required.

The Chair advised that the *Student Residence Proposal*, included in the documentation for this meeting, had also been presented to the University Affairs Board for information on February 3, 2009. No questions or concerns were raised by the Board at that time.

Professor Misak apologized that the Committee had not been provided with a full enough rationale for this proposal at the January 21, 2009 meeting, and hoped that the additional documentation provided had addressed the questions raised, and more clearly outlined the particulars of the proposal. A developer was in the position to independently build a third party residence on a piece of property it owned at 247 College Street. The developer had approached the University with a proposal to provide them with a long-term ground lease for the University's property at 245 College Street. This would allow for the construction of a much larger, 1,250 bed student residence, on the footprint of the two sites combined. In return for the ninety-nine year lease of 245 College Street, the University would receive a to-be negotiated rent of approximately \$350,000 per annum, escalating with the consumer price index over time. The University had no obligation to fill the residence, and no on-going financial liability for this project.

Professor Misak confirmed that this space was currently not in use for anything that could not be relocated, and that the on-going revenue stream from the lease agreement would be dedicated to enrich student programming and services at the University. There was a demand for additional student housing spaces. However, current economic circumstances prevented the University from building additional residence facilities itself. This third-party residence opportunity offered students convenient, high-quality, and much-needed residence spaces in close proximity to the St. George campus.

Professor Misak informed members that the University currently directed students to other third party residences, and unfortunately, this was not without issue. As a rule, the University had no input into how such residences were operated. As a result, standards were often less than adequate, and the Vice-Provost, Students was frequently called upon to advocate on behalf of students living in these facilities.

This particular developer however, had vast experience in building and operating this type of student housing, and was willing to enter into a Service Level Agreement that provided the University with the opportunity to influence the design, and operation of this student residence facility. The Service Level Agreement covered such things as residence policies, and training schedules for residence staff. The Assistant Vice-President, Student Life advised that this had not been a negotiation, but rather the developer had approached the University for this type of Agreement, out of an interest in maintaining the standards of University of Toronto residences. The Service Level Agreement would help to ensure a resolution was possible should a major student life issue, or a conflict with the operator, arise at this residence.

1. [Declaration of Property as Surplus to University Requirements: 245 College Street, Toronto](#) (cont'd)

The University had exercised due diligence in considering this opportunity. Representatives of the University had met with the prospective residence operators to discuss the needs of students, and the expected standards for university housing at the University of Toronto. They had also visited other facilities currently managed by the prospective operators at other universities, and confirmed that these residences had successfully met the needs and standards of other institutions.

Mr. Shabbar advised that there was no financial downside to this proposal for the University, and that it provided a revenue stream from a property that, due to its size, was otherwise limited for development. He assured members that the legal lease document stipulated that the property could be used only as a residence, and that due to the developer's desire for further expansion within this asset class, it was in their best interest to ensure this residence project was a great success. He also noted that the lease agreement provided the University with a seat on the residence's Board of Directors.

Following the discussion, the Chair provided comments that had been submitted in advance of the meeting, by members who were unable to attend. One member wrote to say that he now supported the motion coming before the Committee. The background information provided in the *Student Residence Proposal* circulated for the meeting, had addressed his earlier concerns about student life, and had been instrumental in helping him reach his decision. He also noted his support of the call of a member at the last meeting, to have a University of Toronto student representative on the Board of Directors of this third party residence.

Another member had advised in advance that he would now support most of the proposal. However, he had raised concern with dedicating the revenue from the lease as stated in the proposal, for the following reasons:

- As the land had not been purchased for the purposes of student life, and had come out of other funds, he saw no reason why the revenue generated from the land should be restricted to that one particular aspect of university need, especially for 99 years. He did not agree that students in one residence should subsidize a program selectively, especially when the university's investment income was critical;
- Dedication of income above and beyond what the Student Life office would normally receive was not desirable. This set a precedent for restricting operating income, and provided an obligation that was not meaningful. Current budget restrictions made relief of pressure at the center most important.

In response, the President advised that it was not necessary to have a contractual obligation for the commitment of the revenue stream from this lease to anything in particular. However, in the short- and medium-term, it was reasonable that these funds were directed towards student life.

On motion duly moved, seconded and carried

YOUR COMMITTEE RECOMMENDS

THAT THE 245 College Street property be declared surplus to University requirements.

The meeting adjourned at 2:45 p.m.

Secretary
February 21, 2009

Chair