



University of Toronto

JOHN BISANTI, B.TECH.
CHIEF CAPITAL PROJECTS OFFICER

Memorandum to: Business Board

From: John Bisanti

For: Meeting of June 20, 2002 **Agenda Item: 6**

Item Identification: Property: U of T at Scarborough – Lease of Land to Centennial College of Applied Arts and Technology

Sponsor: John Bisanti, Chief Capital Projects Officer
Call 416-978-4322 for further information

Jurisdiction Information:

Basis of Board's Jurisdiction:

- Once Governing Council approves a capital projects, Business Board has approval of execution of the capital project.
- Pursuant to Section 5C of the Policy on Capital Planning and Capital Projects, the Business Board is charged to assess the "cost effectiveness of the project, the extent to which full funding is committed or obtainable, and whether there are any significant outstanding and unresolved issues with respect to the project".

Previous Action Taken:

- On May 6, 2002 the Business Board approved the \$22.56 million Academic Resource Center project at UTSC subject to the finalization and approval by the Business Board of the lease agreement between the Board of Governors of Centennial College of Applied Arts and Technology and the Governing Council of the University of Toronto.

Highlights:

- The Province of Ontario has awarded a Super Build grant to Centennial College to construct a new campus on University of Toronto at Scarborough's campus, with the explicit understanding that a given amount of the grant would be used for the land lease, which would in turn be used for the new Academic Resource Center.
- The attached Lease Abstract summarizes the salient information and principal business terms of the Lease Agreement.

Action Sought:

That the Vice-President, Business Affairs be authorized:

- I. To finalize the terms and conditions and execute the Lease Agreement between Centennial College and the University of Toronto for the lease of University lands at the Scarborough campus.
- II. To direct the lease proceeds to the development of the new Academic Resource Center project at the University of Toronto at Scarborough.

Financial Implications:

- The pre-paid 99-year ground lease rental payment is \$9,270,000. This amount has been held in trust since July 7, 2000 and as of June 18, 2002 has accrued interest of \$804,539. The total amount currently held is \$10,074,539. These funds, less encumbrances, will be used to fund approximately 46% of the total project cost of the new Academic Resource Center.

**LEASE ABSTRACT OF LAND LEASE AGREEMENT BETWEEN THE GOVERNING COUNCIL
OF THE UNIVERSITY OF TORONTO AND CENTENNIAL COLLEGE OF APPLIED ARTS AND
TECHNOLOGY AT SCARBOROUGH COLLEGE CAMPUS**

SUMMARY OF PRINCIPAL TERMS

Leased Premises

- 2.88 hectares at the intersection of Morningside Avenue and Ellesmere Road

Term

- 99 years starting May 1, 2002

Rent

- Rent of \$9,270,000.00 for entire term paid to University's solicitors in trust on July 7, 2000 and released to University with accrued interest (total \$10,070,829.17) on May 8, 2002.

Net Lease

- Centennial responsible for all costs, charges and obligations related to the leased premises as of the commencement date, including without limitation property taxes (if not exempt), insurance costs, utilities, repairs and maintenance.

Matters related to construction

- Rezoning and site plan approval obtained
- Designs for project reviewed and commented on by University
- University carried out certain environmental remediation and has delivered a clean site to Centennial
- All construction at leased premises being carried out by Centennial
- Centennial College to pay for their proportion share of the traffic improvement costs necessary to meet the City of Toronto requirements. Currently these costs are estimated to be \$400,000. This expense is in addition to the rental expense.

Redevelopment by Centennial

- In the event of redevelopment by Centennial, University has the right to review and comment on designs for exterior of buildings and any changes to the site plan are subject to agreement by the University.

Use of Leased Premises

- The leased premises are to be used and operated continuously throughout the term only for the normal teaching and research activities and practices of Centennial College.
- Ancillary uses such as coffee and food kiosks and copy shops are permitted.

Development of Scarborough Campus Lands by University

- In undertaking any development of any part of the Scarborough Campus lands adjacent to the leased premises, the University agrees to orient and design its buildings in a manner which complements and does not reduce the attractiveness of the Centennial College buildings.
- The University agrees to keep Centennial informed as plans are developed for any development within the triangle bounded by Morningside Avenue, Military Trail and Ellesmere Road.

Centennial's rights to transfer or assign the lease

- A transfer or assignment of the lease which results from the merger, restructuring or reorganization of Centennial, either alone or together with other educational institutions, is permitted with the prior consent of the University provided that the resulting institution is an educational institution equivalent or more than equivalent to Centennial, having regard to such matters as the qualifications of its students, the types of degrees or certification offered and the curriculum. The University may not unreasonably withhold its consent but may impose reasonable conditions.
- Centennial may mortgage or pledge the lease as security to a financial institution. All of Centennial's obligations and covenants would be binding on the secured party.
- In the case of any other assignment, subletting or transfer of its rights under the lease (other than subletting of small areas for ancillary uses), Centennial must obtain the prior consent of the University, and the University can arbitrarily withhold its consent.

Opportunity to Purchase Leased Premises

- Centennial is to have the first opportunity to purchase the lands comprising the leased premises if the University decides to sell them at any time during the term. The right to purchase is dependent on the parties negotiating acceptable terms within the time period specified in the lease.

Parking Agreement

- The University and Centennial are also entering into a parking agreement which sets out the basis on which Centennial will purchase parking permits and will be guaranteed a minimum number of non-exclusive parking spaces on the surface lots within certain areas of the Scarborough Campus.
- The Parking Agreement also deals with the setting of rates for parking permits, cost-sharing of visitor parking revenues and relocation of surface parking areas by the University.