



60 St. Clair Ave E. Toronto, ON Suite 201 M4T 1N5
Tel: 416-393-0573 Fax : 416-393-9928
website : www.torontolandscorp.com

A subsidiary corporation of the TDSB



February 20, 2019

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(public)

Management Report to the Board, February 2019

To: Robin Pilkey, Chair

This communication is to inform you that the report entitled *Management Report to the Board, February 2019* was received for information by the TLC Board at its meeting of February 20, 2019 and is being forwarded to the TDSB Board for information as part of TLC's quarterly report to the TDSB Board.

On behalf of the Board of Directors of the Toronto Lands Corporation, we thank you for the opportunity to provide you with this information.

Sincerely,

A handwritten signature in black ink, which appears to read 'David Crombie'. The signature is fluid and cursive.

David Crombie
Chair, TLC

cc. D. Sage, Executive Officer, TLC
cc. J. Malloy, Director of Education, TDSB
cc. C. Snider, Acting Associate Director, Operations and Service Excellence, TDSB
cc. S. Shaw, Executive Officer, Facility Services, Sustainability and Planning, TDSB

TORONTO LANDS CORPORATION
Management Report to the Board, February 2019

To: Chair and Members of the Toronto Lands Corporation

Date: 20 February 2019

Recommendation:

That the report, *Management Report to the Board, February 2019*, be received.

Rationale

This report provides an overview and update with regard to work in progress on each of TLC's business areas and specific project files within the TLC portfolio as directed by TDSB.

Context

Real Estate Portfolio:

Baycrest Public School

In April of 2017, TDSB declared Baycrest Public School surplus to its needs and referred the property to TLC for "sale" purposes. In August of 2017 the property was circulated within the public sector and to TDSB partners pursuant to Regulation 444/98 of the Education Act. As a result of the circulation, TCDSB exercised its priority right of offer and entered into a conditional agreement of purchase and sale providing for a future valuation date of November 2018 and a closing date approximately 3 to 4 months thereafter. The delayed closing and valuation were stipulated by TLC in response to a TDSB request to allow time for funding to be secured and renovations to be completed at Sir Sandford

Fleming in order to accommodate the relocation of the Baycrest students and a third party operated day care.

In accordance with the terms of the selling agreement, both parties secured independent appraisals and joint terms of reference for a third appraisal. The selling price will be the average of the two highest appraisals.

The selling agreement allows TDSB to lease back the property until September 2020 while the Sir Sandford Fleming renovations are completed.

Once the price is finalized, any sale remains conditional upon the approval of the two Boards and the MOE.

Lawrence-Midland Lands

1555 Midland Avenue & 2740 Lawrence Avenue East (Ward 19)

The sale of these 2 properties began in May 2018 with a 6-week bidding period followed by a second round of bids due on June 12, 2018. The properties were then put under a conditional sales contract to allow for buyer due diligence to include discussions with the planning department and the local councillor regarding the potential scale and type of development. The due diligence period was extended several times in order for the buyer to gain greater certainty of what they could finalize and the selling price they could justify. Due to the estimated cost to remove contaminated soils and a lower than expected achievable density, the buyer initially sought a reduction of the purchase price and then was unable to proceed because of the lack of support from its acquisition committee.

As a result, TLC has now entered into a conditional agreement of sale with the initial second ranking bidder. The buyer has until March 22, 2019 to waive its due diligence condition.

The closing date for both parcels was always scheduled to occur after TDSB new replacement school was completed, tentatively scheduled for September 2019.

**Nelson A. Boylen and Buttonwood
155 Falstaff Ave. (Ward 2) and 100 Allanhurst Dr. (Ward 6)**

The Toronto Catholic District School Board (TCDSB) and TLC have been working towards a resolution to agree on a sale price of the Boylen and Buttonwood properties. Recently, both parties exchanged appraisal reports as required for the Arbitration hearing. The exchange of reports presented another opportunity to review and negotiate which would avoid a costly Arbitration hearing. All parties negotiated and a settlement was reached for the sale of the two sites to the TCDSB. Ministry approval was required by the TCDSB and was obtained within a very short timeline. The transactions are both set to close on March 7, 2019. This disposition will result in the public asset being retained by another school board to serve the needs of students and community.

**Greenwood Secondary School
24 Mount Joy Ave. (Ward 15)**

In accordance with O. Reg. 444/98, the Greenwood school property, commenced surplus for sale circulation in January, 2019. By letter dated, January 28, 2019, the existing Tenant, Conseil Scolaire Viamonde (CSV) expressed an interest in acquiring the property. Subsequently, an appraiser has been engaged to establish an estimate of market value and draft agreements will shortly be exchanged between the parties. As under the Regulation, CSV has the first right of acquisition it remains reasonable to commence discussions between the parties. Should any other public agency declare an interest, we will advise accordingly but first will make every effort to complete a transaction with CSV. CSV intentions are to continue to operate the building as a school with the property remaining with a public agency.

**Sir Robert Borden
200 Poplar Rd. (Ward 19)**

Completion of the Regulatory disposition process as of March 8, 2017, resulted in no public interest. A Steering Committee led by TLC to engage potentially City or Provincial interest concluded with additional information that identified community need without any funding

partners. The surplus TDSB site was then placed on the open market for disposition and a few offers were received for consideration. All offers were conditional and TLC proceeded to enter into an agreement with one of the reputable purchasers. Just before the date to waive the condition, the Purchaser advised it would not be completing the transaction. As in any conditional agreement, there remains no requirement to explain a decision as it is the normal practice to allow for due diligence for potential buyers. At this time, TLC is exploring all opportunities as the site remains on the open market.

**Former Canadian Tire Property, Block 20
50 Woodsy Park Lane (Ward 13)**

The TDSB had the opportunity to exercise an option it had with the City of Toronto to acquire approximately 1.799 acres of land at the former Canadian Tire property at Leslie Street and Sheppard Avenue East. With TDSB Board and Ministry approval received, the TDSB exercised its option in 2018 and in accordance with the agreement; the transaction is to close on or before May 18, 2019. However, the City would like a sale subject to a substantial easement that would materially interfere with any proposed school. TLC, with TDSB and the City were trying to negotiate reciprocal easements that would also provide a benefit to the school board. At this time, it appears all opportunities have been exhausted and the TLC has advised the City that if easements cannot be finalized that meet the needs of both parties; it will proceed to close the transaction as stated within the options agreement.

**New Davisville Public Elementary School
43 Millwood Rd. (Ward 8)**

After many months of negotiations with the City of Toronto, TLC has now a fully executed long-term (49 year) ground lease at the Davisville property. To recap, the negotiated terms and conditions will allow students the opportunity of 4 hours a day of free swim at the City Aquatic Centre, once constructed. An expanded gymnasium at the school will be available to the student community every day throughout the school year and some evenings and weekends the community will enjoy City programming at the gymnasium. The end result is truly a long term community hub that will bring a multitude of benefits and enhancements to the students and the community at large for years to come.

Leasing and Partnerships:

**McCowan Public School
425 McCowan Road (Ward 17)**

The McCowan Public School (37,835 sf.) was first declared surplus for lease in October 2012. After clearing Regulation 444/98 of the Education Act (the "Regulation"), TLC leased the property to a private school (34,469 sf.) and a daycare (3,366 sf.). The five year lease term of the private school tenant will expire on August 31, 2019 and the tenant is not renewing. As a result, in November of 2018 TLC requested and secured a new surplus for lease declaration from TDSB. Expressions of interest under the recent recirculation are due by April 4, 2019.

To be proactive TLC has also listed the property for lease with Colliers with an understanding that acceptance of any offers will be conditional upon clearing the Regulation.

Because TDSB has chosen to select this site as a potential holding site during construction at another nearby school, TLC is required to include in any new lease a continuing right of

termination subject to prior notice. If issued the notice must stipulate that the lease will terminate on the 1st June 30th falling on or after the anniversary of the notice date.

Community Partnership Leases

- Two new partnership leases were recently entered into with the Native Family and Child Services of Toronto who will operate Early Learning Centres at the Emily Carr and Bala Public schools. Rental rates are cost recovery and leases can be terminated on 6 months notice pursuant to TDSB and Provincial policies governing partnership leases in operating schools. Stated lease term is 5 years. These leases will improve the accessibility of social service program delivery tailored specifically the unique requires of the native population.
- TLC staff are working to convert existing partnership tenants to an updated consistent form of lease and pricing structure
- The community partnership approval process can be very lengthy due to the need for;
 - a. the school administration to;
 - identify possible room options
 - consider classroom reassignments to isolate and consolidate proposed tenant usage in a single location
 - evaluate the impact on site control and school safety
 - consult with the school advisory counsel
 - b. Facilities Services staff to identify and cost physical separations required to isolate the school from tenant programming/use
 - c. leasing staff to;
 - secure evaluate documents evidencing the tenants financial position
 - secure TDSB committee and Board approval for proposed new leases

Since taking over the process, TLC staff has taken steps to better educate leasing prospects with the multilevel and potentially lengthy approval and evaluation process.

- Upon taking over the TDSB real estate lease files TLC staff have identified a wide variety of portable rental arrangements involving both TDSB and tenant supplied portables. While the original intention was to adopt the existing community partnership approach to these arrangements for existing overhold leases or any new leases, existing provincial policy is specific to excess building space in operating school where operating costs are incurred in any event. This cost saving objective does not really apply to portable leases. TLC staff will be considering a possible consistent approach / Board policy to apply to portable leases.

Child Care Leases

- TLC leasing and legal staff have finalized a new multi-purpose lease form that combines three previous stand-alone agreements relating to i) City funded occupancies, ii) the use of shared rooms by before and after school supervisory programs and iii) direct pay exclusive use agreements all involving a single child care provider.

The new form also provides includes a lease default provision where a childcare operator no longer qualifies for program subsidies, a TDSB policy pre-conditions for operators located in TDSB operating schools.

- Existing child care lease forms and approval processes can be prone to a lack of clarity relating to room identifiers, use provisions and pre-approval requirements relating to Alternative Shared Space. These rooms are shared with the TDSB operating school program and are to be pre-licensed alternative locations when regular shared space must be either temporarily used for operating school programming or custodial functions. This lack of clarity has resulted in conflicts between the school administration, the child care operator and the TDSB permit department. TLC staff are working with legal counsel and TDSB Early Years program specialists to modify both the standard form of lease and the new space request forms initially completed by the tenant and TDSB early years and later signed/approved by the school principal.

Norseman and the Elms City Pool Leases 105 Norseman St, (Ward 3) and 45 Golfdown Dr. (Ward 1)

In 1973 the Board of Education for the Borough of Etobicoke and the Corporation of the Borough of Etobicoke entered in to a joint funding and shared use agreement providing for the construction and lease of swimming pool facilities to be constructed on the grounds of the Elms Junior Middle School and Norseman Junior Middle School and to be operated by the Borough. Both agreements provided for:

- 50/50 sharing of the construction cost;
- an initial lease term of 10 years;
- shared use by the school including an initial time allocation of 27% of total pool activity;
- proportionate co-funding of the pool building operating costs reflective of each party's hours of use;
- future mutual agreement on the amount, sharing, timing of future capital expenditures;
- the designation of the Borough as the day to day operator;

Based upon the file review completed to date and discussions with City staff it appears that a formal renewal agreement was never entered into although,

- i) the City submitted a draft new lease agreement to the Board in November of 1993 that was never signed; and,
- ii) regular shared use by TDSB ended sometime after amalgamation due to the Board not wanting and/or able to firmly commit to the required co-funding commitment.

The City recently approached TDSB and indicated a desire to enter into a new lease guaranteeing it sufficient lease term to justify planned major capital expenditures / improvements.

Based upon recent discussions the parties are close to final agreement on the key business terms of new 10 to 20 year lease arrangements. These agreements will require the approval of the TDSB Board of Trustees and the Minister of Education.

In order to ensure the proposed business terms are part of an overall TDSB City pools strategy, TLC staff and TDSB's Capital Strategies and Property Management committee will be holding a joint planning session to review all City pool agreements including the pending June 2019 expiry of the master lease agreement covering 28 TDSB pools that are exclusively leased to the City of Toronto after the regular school day.

Land Use Planning:

Choice Properties REIT

2238 Dundas Street West and 1515 Bloor Street West (former West Park SS) (Ward 7)

On December 6, 2018 a letter was sent to Acting Associate Director, Planning and Facilities of the Toronto Catholic School Board (TCDSB) from the Toronto Lands Corporation (TLC) requesting that the TCDSB consider surrendering its lease rights in order to allow for a new replacement high school to be built on a different location within the same site. Staff further requested that the TCDSB submit a draft proposal to the TLC to better understand what TCDSB would require in a new school. Although the proposed redevelopment may be a complicated undertaking, involving several parties, this first step is guided by the terms and conditions of the existing lease.

On December 21, 2018 the Director of Education of the TCDSB responded to this request by recommending that both parties consent to the submission of the required planning applications and the establishment of a joint staff committee to negotiate an agreement between both boards and Choice REIT.

On January 11, 2019 TLC responded by reiterating its support of the planning applications going forward and committing to further discussions with TCDSB staff on this redevelopment proposal. By permitting this planning application to proceed, greater clarity around the residential, business and commercial use of the TDSB lands will provide greater insight towards a settled agreement.

To support this initiative, TLC staff has prepared a letter of consent to the City of Toronto Planning Department advising that on behalf of the TDSB, TLC consents to CP REIT Ontario Properties Limited submitting a zoning bylaw amendment application which includes land owned by the TDSB. Choice REIT has yet to submit the application. On February 8th, 2019 a meeting was held to discuss and explore the mutual benefits of advancing this very unique redevelopment opportunity. These discussions are ongoing and remain very positive. An update on the project will be brought forward to the next TLC Board meeting.

Routing

TLC Board: February 20, 2019

From

Daryl Sage, Executive Officer, Toronto Lands Corporation, at dsage.tlc@tdsb.on.ca or at 416-393-0575.

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