



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



Oct 4, 2019

Transmittal No. 2020 – 80
(Public)

**Choice Properties REIT – Toronto Catholic DSB –
2238 Dundas Street West and 1515 Bloor Street West**

To: Robin Pilkey, Chair

This communication is to inform you of a recent decision made by the TLC Board at its meeting of September 26, 2019 with respect to the report entitled *Choice Properties REIT – Toronto Catholic DSB – 2238 Dundas Street West and 1515 Bloor Street West*. The recommendations outlined in the report (attached herein) were approved by the TLC Board and are being forwarded to the TDSB Board for approval.

On behalf of the Board of Directors of the Toronto Lands Corporation, approval of the above noted reported is requested.

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. Jackson, Associate Director, Business Operations and Service Excellence, TDSB
cc. S. Shaw, Executive Officer, Facility Services and Planning, TDSB

TORONTO LANDS CORPORATION**Choice Properties REIT- Toronto Catholic District School Board
2238 Dundas Street West and 1515 Bloor Street West**

To: Chair and Members of the Toronto Lands Corporation

Date: September 26, 2019

TLC recommends that:

- 1) TDSB forward its request to the TCDSB seeking a formal response, including its key business terms and conditions associated with their interest in vacating the TDSB owned secondary school site, located at 1515 Bloor Street West, currently encumbered by a Bill 30 lease agreement granting long term occupancy and operation of a Catholic High School known as Bishop Marrocco.
- 2) That upon receipt of TCDSB's expressed interest and key business terms, TLC be authorized to enter into negotiations with the TCDSB and the abutting land owner Choice Properties REIT and prepare a conditional sales and purchase agreement, satisfactory to the TLC Board, for TDSB Board consideration.
- 3) The report to be forwarded to TDSB Board for approval.

Rationale

In 2018, Choice Properties REIT approached TLC to discuss the possibility of a broad redevelopment proposal to include their site located at 2238 Dundas Street West and the TDSB property located at 1515 Bloor Street West. The TDSB site, formally known as West Park SS is leased by the TCDSB for its operation of their high school known as Bishop Marrocco Catholic Secondary School. Choice Properties REIT "CPReit" advised that it had already been in discussions with the TDCSB staff over the last two years advancing the idea that CPReit would acquire the 1515 Bloor Street site and provide an alternative smaller 1.46A site to the TCDSB, within the same block, including the construction a new TCDSB replacement high school. The TDSCB would also require a shared-use agreement with the City for access to a new adjacent public park for use as its sports field.

The existing TDSB property, of approximately 3.85 acres, at 1515 Bloor Street West, was leased to the TCDSB as a part of Bill 30 legislation. In 1986, Bill 30, an Act to amend the Education Act was introduced and formed a part of the government's introduction to provide full secondary school funding for Roman Catholic ratepayers. Part of the requirements of the legislation included secondary school property to be transferred from public school boards to catholic school boards. Locally, a negotiated "Settlement Agreement" between the TDSB and the Catholic Board resulted in the execution of a 99 year perpetual nominal sum lease for seven properties whereby TDSB would remain the registered owner of the sites. If the high school under the lease agreement is no longer operated as a school or the site is vacated by the TDCSB, the property reverts back to the TDSB. Until such time that this occurs, the TCDSB continues occupation of the site in perpetuity with TDSB having no right of termination. TLC has previously provided a report to TDSB on all Bill 30 schools. Specifically to the CPReit proposal, the TCDSB cannot negotiate the ownership interest of TDSB, and TDSB cannot take any disposition action until TCDSB is prepared to vacate the site.

Context

In support of the CPReit proposal and to explore opportunities that a redevelopment project could bring to both Boards and the community, following the last TDSB update and presentation, TLC engaged in discussions with the TCDSB staff and CPReit. TLC was updated on the progress that CPReit was making through the City planning process and supported their need to complete development applications for submission. Given the entire redevelopment proposal, as a starting point, TLC initiated property appraisal in order to gain an understanding of the potential land values based on “highest and best” use. Triparty discussions have been undertaken in regards to land values and interest remains strong towards establishing next steps.

Given the complexities surrounding the Bill 30 lease conditions and TDSB’s restrictive covenants regarding ownership rights, it is imperative for both school boards to declare their interest in furthering the CPReit development opportunity and to understand any limiting conditions that will impact negotiations. To this end, TLC staff is requesting that TDSB (Board) extend a request to the TCDSB (Board) seeking their interest in vacating the 1515 Bloor Street West site and for them to identify any key conditions to be satisfied before the Bill 30 lease can be nullified. If the TCDSB is not interested in vacating the site, the Bill 30 lease will remain in effect and redevelopment will be limited to CPReit’s own site. TDSB has no ability or rights to move the redevelopment project forward until the land encumbrance is addressed. Should the TCDSB confirm their interest to vacate the site, as a next step, TLC staff would engage the parties in an effort to negotiate and draft conditional sales and purchase agreement in a form satisfactory to TLC counsel for presentation to the TLC Board then to TDSB for consideration. If TDSB was interested in proceeding with the negotiated terms and conditions proposed by TLC, the process would then require TDSB staff completing all steps necessary, leading up to and including a recommendation for surplus declaration. Following the TDSB surplus declaration, TLC would then be authorized to undertake and satisfy the legislative requirements of Ontario Regulation 444/98 followed by completing all necessary transactions to close the deal. The potential redevelopment of the combined Bloor Dundas lands provides tremendous opportunity for all parties and offers a long term revitalization plan for this community.

Routing

TLC Board: September 26, 2019
TDSB Board: October 2019 Cycle

From

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

Anita Cook, Senior Manager, Real Estate, Toronto Lands Corporation, at acook.tlc@tdsb.on.ca or at 416-393-0632

GO5 /2020 Board Mtgs Sept 26, 2019/(Choice Properties REIT- Toronto Catholic District School Board 2238 Dundas Street West and 1515 Bloor Street West)tk.8000
Last update: Sept. 20 2019

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