



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachment**

**Revised Ground Lease - George Brown College
Waterfront Campus – East Bayfront**

Date:	September 25, 2009
To:	Executive Committee
From:	Deputy City Manager Richard Butts
Wards:	28
Reason for Confidential Information:	This report involves the security of property belonging to the City or one of its agencies, boards, and commissions.
Reference Number:	P:\2009\ClusterB\wf\ec09005

SUMMARY

This report recommends revisions to a proposed ground lease transaction between George Brown College (GBC) and the City of Toronto to accommodate development of GBC’s waterfront campus on 0.83 ha (2.04 acres) of City-owned land in the East Bayfront (EBF) in two phases. At its December 1, 2 and 3, 2008 meeting, Council authorized a 103-year lease to GBC for all of Blocks 3, 4 and 5 shown on Figure 1 (Attachment 2). Under the original proposal, Block 3 was intended to house the academic facilities; Block 5 would accommodate a student residence building and recreation centre and Block 4 was a below grade parcel for underground parking.

The revisions addressed in this report are largely prompted by GBC’s phasing and funding requirements. The College recently received an additional \$30 M for its waterfront campus through the federal Knowledge Infrastructure Program (KIP) which must be invested by March 31, 2011. Together with the \$61.5 M provincial funding previously secured and its own funds, GBC advises that it has the necessary funds to proceed with construction of the academic facilities, estimated at \$175 M, immediately. Whereas the academic building was initially proposed for Block 3, the College now wishes to locate the school on Block 5. Block 5 is larger than Block 3 and more public given its location at the water’s edge.

With the focus on meeting the aggressive timelines associated with the KIP funding, GBC's priority of late has been on commencing excavation for the academic facility. This has delayed development of the plans for the student residence and recreation centre on Block 3 which will require the creation of a business case and recruitment of a private partner. Accordingly, the College has advised that it will not be proceeding with this phase immediately. Instead, it has requested a three-year option to lease Block 3 with the possibility of two one-year extensions. The College believes this will provide sufficient time to undertake an Alternative Financing Procurement (AFP) process.

Waterfront Toronto (WT) as development lead for EBF and the Waterfront has endorsed the proposed revisions to the ground lease as well as GBC's revised concept.

RECOMMENDATIONS

It is recommended that:

- (1) Council approve the revised major lease and option to lease terms (the "Revised Terms") substantially as provided in Attachment 4;
- (2) Council grant authority for the City, as Landlord, to enter into a long term lease agreement (the "College Lease") with The George Brown College of Applied Arts and Technology (the "Tenant") for that part of the East Bayfront (EBF) Lands shown as Blocks 4 and 5 on Attachment 2 (the "College Lease Lands") on terms and conditions not materially inconsistent with the major terms and conditions described in the Revised Terms, contained in Attachment 4, together with such other terms and conditions as may be deemed appropriate by the Deputy City Manager whose responsibilities include Waterfront Revitalization in consultation with the Chief Corporate Officer and in a form satisfactory to the City Solicitor, subject to Part 6 below;
- (3) Council grant authority for the City, as Grantor, to enter into an option to lease agreement (the "Option Agreement") with the Tenant for that part of the EBF Lands as shown as Block 3 on Attachment 2 (the "Block 3 Lands") on terms and conditions not materially inconsistent with the major terms and conditions described in the Revised Terms, together with such other terms and conditions as may be deemed appropriate by the Deputy City Manager whose responsibilities include Waterfront Revitalization in consultation with the Chief Corporate Officer and in a form satisfactory to the City Solicitor;
- (4) Council grant authority for the City, as Licensor, to enter into a license agreement or agreements (the "License Agreements") with the Tenant for any periods of time and for any consideration, including nominal consideration, with respect to the College Lease Lands, the Block 3 Lands, or, with Waterfront Toronto's approval, any other portion of the EBF Lands, for the purposes of site mobilization, site preparation, excavation, shoring, surveying, soil investigation, access, construction staging, parking and any other purposes deemed appropriate by the Deputy City

Manager whose responsibilities include Waterfront Revitalization, subject to the condition that the Licence Agreement shall prohibit the Tenant from applying for a building permit for any above grade construction until the Tenant has executed and delivered the College Lease (which will be subject to the satisfaction of the requirements of Part 2. of Executive Committee Item No. EX26.15 "*Staff Due Diligence Review of the Proposed George Brown College Campus - East Bayfront*" previously adopted by Council), all to the satisfaction of the Chief Corporate Officer and in a form satisfactory to the City Solicitor;

- (5) Council grant authority for the City, as owner of the dockwall on the EBF Lands, to enter into a tie back and shoring agreement or agreements (the "Tie Back and Shoring Agreements") with the Tenant, Waterfront Toronto, and TEDCO, or any of them, and to enter into any related or ancillary agreement pertaining to the excavation, shoring, or construction of the College Lease Lands or any EBF Lands and the protection of the dockwall, and to execute any consent or other document, all to the satisfaction of the Chief Corporate Officer and in a form satisfactory to the City Solicitor;
- (6) All of Parts 2. 3. 4. 5. 7. 8. 9. 10. 11. 12. 15. 16 and 17. of Executive Committee Item No. EX26.15 "*Staff Due Diligence Review of the Proposed George Brown College Campus – East Bayfront*" previously adopted by Council at its meeting of December 1, 2, and 3, 2008, as shown in Attachment 3 of this report, are confirmed by Council except that all references to "Lease" shall mean the "College Lease", the "Leased Lands" shall mean the "College Lease Lands", and the date of December 31, 2009 shall be extended to "December 31, 2010";
- (7) Council authorize the Deputy City Manager whose responsibilities include Waterfront Revitalization to extend the three year Option Period described in the Revised Terms from time to time as he deems appropriate, and on such terms and conditions as he deems appropriate, provided the total Option Period shall not exceed a period of 5 years.
- (8) If the Option under the Option Agreement is exercised, Council grant authority for the City, as Landlord, to enter into a long term lease agreement (the "Block 3 Lease") with the Tenant substantially on terms and conditions not materially inconsistent with the Revised Terms and the College Lease, together with such other terms and conditions as may be deemed appropriate by the Deputy City Manager whose responsibilities include Waterfront Revitalization in consultation with the Chief Corporate Officer and in a form satisfactory to the City Solicitor;
- (9) If the Block 3 Lease is entered into, all of Parts 2. 3. 4. 5. 8. 9. 10. 11 and 12. of the Executive Committee Item No. EX26.15 "*Staff Due Diligence Review of the Proposed George Brown College Campus – East Bayfront*" previously adopted by Council at its meeting of December 1, 2, and 3, 2008 shall apply to the Block 3 Lease and the Block 3 Lands in the same manner as they apply to the College Lease and the College Lease Lands;

- (10) Council authorize the public release of the confidential information in Attachment 1 upon the completion of the development of the publicly-owned lands in EBF as determined by the Deputy City Manager whose responsibilities include Waterfront Revitalization.
- (11) Council direct the Waterfront Project Director, in consultation with the General Manager of Parks, Forestry and Recreation and the Director of the Office of Partnerships, that following negotiations regarding a joint GBC/municipal recreation facility, a report be provided to Council on the results of the negotiations and any agreements deemed necessary at that time;
- (12) The appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

FINANCIAL IMPACT

The proposed lease amendments will not have any financial impact on the City during the first twenty-four years of the lease. Waterfront Toronto has indicated that it will sell the rights to the rental revenues received over this initial period to a third party in order to realize an up-front payment that can be used to fund other revitalization activities. This is in accordance with the Memorandum of Understanding negotiated between the City, the Toronto Economic Development Corporation, and Waterfront Toronto, which directs that the revenues derived from the leasing of City lands in the revitalization zone be made available to Waterfront Toronto in order to fund revitalization activities.

The proposed amendments will also not result in any financial impact on the City during the remainder of the lease period as long as George Brown College exercises its option to develop the Block 3 lands. If the option is exercised, the land rents paid to the City by George Brown College for both Phases during this period are to be based on the market value for similar land being applied for a similar use, as per the original lease terms.

If, however, George Brown College chooses not to exercise the option to lease the Block 3 lands, the financial returns the City will experience for these lands, following dissolution of Waterfront Toronto, will depend on what alternative arrangements have been made for these lands.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its December 1, 2, and 3, 2008 meeting, Council approved report EX26.15 titled “Staff Due Diligence Review of the Proposed George Brown College Campus – East Bayfront” authorizing the City to enter into a long-term ground lease with GBC for all of Blocks 3, 4 and 5. The lease term was 103 years from the date of signing, consisting of

an initial four-year design and construction period followed by a 99-year term. The report also obtained Council's endorsement of a non-binding Letter of Intent (LOI) as a basis for negotiations with GBC and WT regarding a joint GBC/municipal recreation facility to be situated in the student residence building. The Council authority including the recommended conditions appear in Attachment 3 to this report.

<http://www.toronto.ca/legdocs/mmis/2008/cc/decisions/2008-12-01-cc27-dd.pdf>

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ISSUE BACKGROUND

Since Council authorization of the ground lease in December 2008, GBC has developed a design concept for the future campus. Following a detailed programmatic review, a full service campus is being proposed. Facilities include a library, bookstore and student support services in addition to classrooms, laboratories and public access clinics. A minimum 300,000 sq. ft. building is required. This cannot be accommodated on the northerly Block 3 as originally conceived. The change in blocks, such that the school facility is now located on Block 5 and the student residence and recreation centre are located on Block 3, is one reason for the revised transaction. Block 4, which is a below grade parcel located under the future public road between Blocks 3 and 5, will be developed in conjunction with Block 5. As originally conceived, Block 4 will form part of the parking structure below the GBC development. More recently, a proposal to locate a local district energy plant in a portion of Block 4 is under consideration.

The other major revision to the original proposal deals with the terms for Block 3, the revised location for the student residence and recreation centre. Rather than a long-term lease at this time, GBC is seeking an option to lease Block 3 for up to 5 years including extensions. Due to a more detailed costing exercise for the academic facility, which is now estimated at \$175M and utilizes more of the college's own funds than originally anticipated, GBC has advised that it cannot undertake the entirety of the project at this time. They are, therefore, proposing to phase the project. GBC continues to regard the student residence building and recreation centre to be key components of their vision for this campus. As credit markets improve, the climate for attracting potential private partners is also expected to improve.

If GBC exercises the option to lease, a separate long-term lease for the Block 3 lands will be entered into (the "Block 3 Lease"). The Block 3 Lease will be in accordance with the Revised Terms.

The Revised Terms appear in Attachment 4 to this report.

COMMENTS

Over the past month, GBC and WT have been consulting with City staff on their plans and timing for the design of the waterfront campus. Overwhelmingly, the decision to exchange the two blocks and locate the academic building on the southerly block

adjacent to the water's edge promenade has been well-received. Similarly, a student residence building on the northerly block with immediate access to transit facilities on Queens Quay East has been viewed positively.

The smaller building envelope on Block 3 does, however, pose challenges and cannot accommodate an aquatics facility as was initially envisioned. A municipal aquatics facility with multi-use capability would require in excess of the floor plate available on Block 3. Therefore, it has been determined that the proposed recreation centre will not include an aquatics component. GBC and WT have both confirmed their continued interest and commitment to exploring the provision of the required EBF municipal recreation facilities as part of a joint recreation centre in the future student residence building. While GBC, WT and City staff continue to believe that a municipal facility as part of the GBC campus is most preferable, it is noted that WT is committed to finding an alternative location for recreation facilities in EBF if the GBC facility does not proceed.

One of the added use permissions to be contained in the lease is for a local district energy facility. WT is the proponent with the intention to find a third party operator for this facility. The facility would service Dockside, the areas south of Queens Quay East, between Lower Jarvis Street and the future Sherbourne Park. A proposal to locate the facility within Block 4, underneath the public street, is currently under consideration by City staff. If acceptable, its development would be regulated through the site plan control process and the ground lease as necessary.

GBC has advised that it is preparing to commence excavation on Blocks 4 and 5 immediately after entering into a Licence Agreement and receiving the necessary City approvals and permits. A building permit application is being readied as well as an application for Site Plan Control approval. Concurrent with this report is a report to Toronto and East York Community Council to lift the Holding Provision (H) from the subject lands. Both this report and City Planning's report on the lifting of the Holding Provision (H) will be considered at the Council meeting on October 26 and 27, 2009.

A series of pre-conditions in Part 2 of the December 2008 Council approval, including the prior registration of the plan of subdivision which includes the subject lands and execution of various development agreements between GBC and WT (see Attachment 3), may not be satisfied prior to GBC's start of excavation. Accordingly, staff are seeking authorization to enter into a Licence Agreement allowing GBC to start excavation of the parking garage. However, as an outside date, WT and City staff are recommending that the Licence Agreement prohibit the Tenant from applying for a building permit for any above grade construction until the Tenant has executed and delivered the College Lease and the development agreements required by Waterfront Toronto.

GBC and WT have also raised the likelihood that the Block 3 lands will be required by GBC for construction staging. Part 4 of the staff recommendations would enable the City to enter into a Licence Agreement for this purpose.

Finally, GBC and WT have initiated discussions with the City and TEDCO regarding tie backs and dockwall issues associated with the proposed development. These include tie backs on the adjacent TEDCO-owned site (ie., the Corus Entertainment Inc. Development) and City-owned lands beyond the leased site. A process is being set up to deal with these issues including dockwall stabilization. The City will be assisted by a peer reviewer to bolster City expertise in this area. Part 5 of the staff recommendations will enable the City to address its requirements and the liabilities of the parties through a Tie Back and Shoring Agreement or Agreements.

CONCLUSION

The revised proposal to phase the GBC development respects the terms and expectations negotiated through the original proposal. GBC's plans to start excavation of the \$175 M academic facilities immediately signals the implementation of the EBF revitalization vision supported by the City and WT. In addition to the GBC development, TEDCO is completing the Corus Entertainment development; WT has two major waterfront parks under construction in the vicinity of the site and WT is now installing the servicing for Dockside. Although the student residence facilities and recreation centre are not proceeding at this time, GBC and WT advise they remain committed to the realization of the full potential of this campus project, including the development of Block 3.

CONTACTS

Elaine Baxter-Trahair
Director, Waterfront Secretariat
ebaxter@toronto.ca
416-397-4083

Jayne Naiman
Waterfront Project Manager
jnaiman@toronto.ca
416-392-0069

SIGNATURE

Richard Butts
Deputy City Manager

ATTACHMENTS

Attachment 1 - Confidential Information
Attachment 2 – East Bayfront Draft Subdivision Phase I (Figure 1)
Attachment 3 – December 1, 2 and 3, 2008 Council Decision
Attachment 4 – Major Lease and Option to Lease Terms – September 24, 2009

Attachment 2

East Bayfront Draft Subdivision Phase I

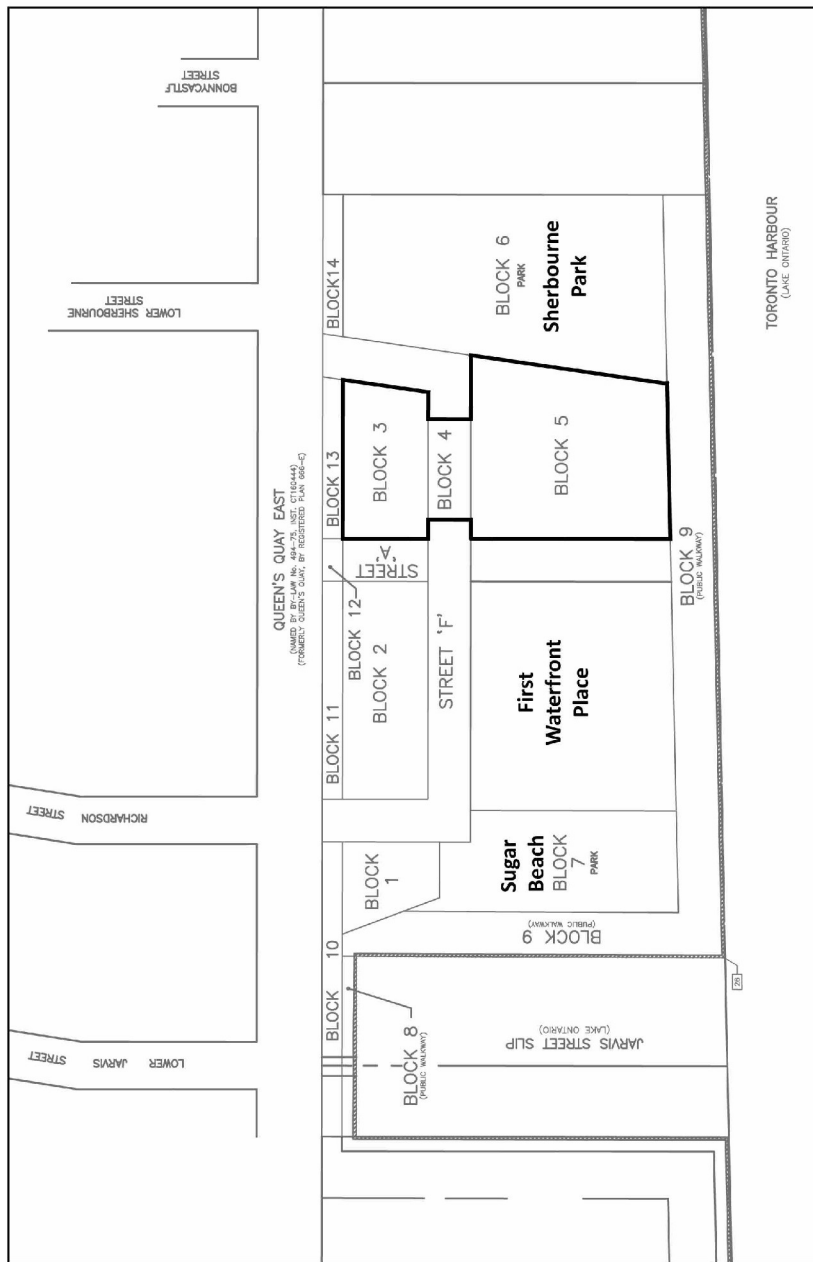



Figure 1

Legend:

-  George Brown College Site:
- Block 3: Academic facilities
- Block 4: Underground parking
- Block 5: Student residence

Attachment 3

EX26.15 ACTION Adopted Ward: 28

Staff Due Diligence Review of the Proposed George Brown College Campus - East Bayfront City Council Decision

City Council on December 1, 2 and 3, 2008, adopted the following motions:

1. City Council grant authority for the City, as Landlord, to enter into a long term lease agreement (the "Lease") with The George Brown College of Applied Arts and Technology (the "Tenant") for that part of the EBF Lands shown as Blocks 3, 4 and 5 on Attachment 5 (the "Leased Lands") substantially on the terms and conditions set out in Attachment 2, together with such other terms and conditions as may be deemed appropriate by the Deputy City Manager whose responsibilities include Waterfront Revitalization, in consultation with the Chief Corporate Officer and in a form satisfactory to the City Solicitor, subject to Part 2.

2. Prior to the City entering into the Lease, the following matters be completed or provided for to the satisfaction of the Deputy City Manager whose responsibilities include Waterfront Revitalization, in consultation with the City Solicitor and other City officials as appropriate:

a. registration of the plan of subdivision which includes the Leased Lands;

b. the Toronto Waterfront Revitalization Corporation (WT) and George Brown College (GBC) having entered into the development agreements, which shall include settling the terms of all other agreements required under the development agreement, including the ground floor animation agreement, energy services agreement and underground parking agreement;

c. GBC having agreed to sublease to GBC and WT as co-tenants, the underground portion of the Leased Lands to facilitate construction of an underground parking garage by GBC and WT and confirmation from WT that WT will make parking available to the tenant of First Waterfront Place as required under the TEDCO lease to Corus Entertainment Inc. authorized by Council at its meeting of May 23, 24 and 25, 2008;

d. the receipt by the City of a legal opinion in respect of the corporate status, powers and authority of the Tenant (GBC) to enter into the Lease;

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e. an undertaking from WT to the City that all base rent received by WT from the Tenant, in accordance with Part 3, shall be used for re-investment in the

revitalization of the waterfront in accordance with Policy and Finance Committee Report 9, Clause 1, headed “Governance Structure for Toronto Waterfront Revitalization”, adopted by City Council at its meeting of November 30, December 1 and 2, 2004; and

f. an undertaking from WT to the City that WT will circulate all GBC/WT development agreements and associated agreements to the City for consideration and will obtain the City’s input on all matters which materially affect the City’s interest as landowner.

3. Council grant authority for the City, concurrent with the City’s execution of the Lease, to direct the Tenant to pay all base rent under the Lease to WT during the first 24-year rental period, in form and content satisfactory to the City Solicitor.

4. Council authorize WT to capitalize both the base rent for the first twenty years of its operation, as provided for in Part 3, and the interest of WT in the underground parking structure, subject to the proceeds from both endeavours being reinvested in Waterfront Revitalization.

5. Council direct the Waterfront Project Director that the base rent which is redirected to WT from GBC as provided for in Part 3, and/or any capitalization provided for in Part 4 be recognized as part of the City’s overall contribution to waterfront renewal, and be reported by WT in its quarterly funding reports submitted to the three orders of government as part of the Waterfront Renewal Accounting Protocol.

6. Council authorize the Deputy City Manager whose responsibilities include Waterfront Revitalization, in consultation with the Chief Corporate Officer and City Solicitor, to negotiate and have executed the Lease, including any amendments in relation to the Lease not materially inconsistent with the major terms and conditions described in Attachment 2 to this report as approved by Council.

7. If the Lease is not finalized and executed by December 31, 2009, the Deputy City Manager whose responsibilities include Waterfront Revitalization be directed to report back to the Executive Committee with a recommended course of action.

8. City Council grant authority to the Chief Corporate Officer, his successor/designate, in consultation with the Waterfront Project Director, to administer and manage the Lease including the provision of any consents (including but not limited to consents to any subleases, assignments, financial charges of any interests in the Lease or the Leased Lands for the underground parking facility and the development of the Block 5 portion of the Leased Lands), approvals, waivers, notices (including notices of termination) provided that the Chief Corporate Officer may, at that time, refer consideration of such matters (including their content) to City Council for its determination and direction.

9. Subject to Part 10, the City consent to the Tenant acting as the City’s agent as owner of the Leased Lands to sign any planning or development applications and agreements in

furtherance of the development and construction of the Leased Lands, or alternatively that the City itself execute such documentation solely in its capacity as owner of the Leased Lands, on terms satisfactory to the Deputy City Manager whose responsibilities include Waterfront Revitalization, and in form satisfactory to the City Solicitor.

10. All actions described in Part 9 shall be taken by or on behalf of the City in its capacity as land owner and not in its capacity as a planning authority under the Planning Act, the City of Toronto Act, 2006, or otherwise and such actions are not intended to and do not fetter the City's planning and municipal rights and responsibilities.

11. The City consent to WT acting as the City's agent as owner of the Leased Lands and/or any other lands within EBF, to sign any infrastructure, servicing or any other applications and agreements, including agreements with Toronto Hydro, Enbridge Gas or any third party utility provider, required for the development of the Leased Lands, and/or any other lands within EBF or alternatively that the City itself execute such documentation solely in its capacity as land owner, provided WT agrees to assume all obligations including costs and liabilities under such documentation and subject to such other terms satisfactory to the Deputy Manager whose responsibilities include Waterfront Revitalization, and in form satisfactory to the City Solicitor.

12. The Chief Corporate Officer and the Deputy City Manager whose responsibilities include Waterfront Revitalization, be authorized singularly or jointly as necessary to execute and deliver all such documentation described in Parts 9 and 11, on behalf of the City.

13. City Council authorize the Deputy City Manager whose responsibilities include Waterfront Revitalization to execute the non-binding GBC/WT/City Letter of Intent contained in Attachment 4 to this report as a basis for continued negotiations amongst the three parties regarding a joint GBC/municipal recreation facility at the base of the student residence building on Block 5, subject to any further revisions required by the City Solicitor.

14. City Council direct the Waterfront Project Director, in consultation with the General Manager of Parks, Forestry and Recreation and the Director of the Office of Partnerships, that following negotiations regarding a joint GBC/municipal recreation facility, to bring forward any agreements with the parties addressing, amongst other matters, the items identified in the Letter of Intent or alternatively, a report outlining areas of disagreement.

15. City Council direct the Waterfront Project Director, in consultation with the City Solicitor, to report to the Executive Committee with recommendations as to the advisability of the City entering into any successor agreement(s) with WT in respect of the East Bayfront Lands prior to the winding up of the WT corporation as provided for in the Toronto Waterfront Revitalization Corporation Act, 2002.

16. City Council authorize the public release of the confidential information in Attachment 1 upon the completion of the development of the publicly-owned lands in EBF as determined by the Deputy City Manager whose responsibilities include Waterfront Revitalization.

17. The appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Confidential Attachment 1 to the report (October 24, 2008) from Deputy City Manager Richard Butts, remains confidential at this time, in accordance with the provisions of the City of Toronto Act, 2006, as it contains information related to the security of the property of the municipality or local board. The confidential information in Confidential Attachment 1 will be made public upon the completion of the development of the publicly-owned lands in East Bayfront as determined by the Deputy City Manager whose responsibilities include Waterfront Revitalization.

Confidential Attachment - The security of the property of the municipality or local board

Background Information (Committee)

Staff Due Diligence Review of the Proposed George Brown College Campus - East Bayfront

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16642.pdf>

Attachment 4

MAJOR LEASE AND OPTION TO LEASE TERMS REVISED SUBMISSION – SEPTEMBER 24, 2009

Parties:	City of Toronto, as Landlord The George Brown College of Applied Arts and Technology, as Tenant
Structure:	<ol style="list-style-type: none"> 1. Lease of College Lease Lands (the "College Lease") 2. Option to Lease Block 3 Lands and if exercised, Lease of Block 3 Lands (the "Block 3 Lease") <p>(collectively, the "Leases")</p>
Leased Premises:	<p>College Lease Lands: Lands located on the south side of Queens Quay East, east of the Jarvis Street Slip, being Part of Lot 22 on Plan 694-E Toronto, being Part of Part 1 on Reference Plan 66R-23533, shown substantially as Blocks 4 and 5 on Draft Plan of Subdivision attached to this Report</p> <p>Block 3 Lands: Lands located on the south side of Queens Quay East, east of the Jarvis Street Slip, being Part of Lot 22 on Plan 694-E Toronto, being Part of Part 1 on Reference Plan 66R-23533, shown substantially as Block 3 on Draft Plan of Subdivision attached to this Report</p> <p>(collectively, the "Leased Premises")</p>
Current Status of Leased Premises:	Vacant Land
"As is":	The Tenant accepts the Leased Premises "as is" in its present condition, including soil conditions, and acknowledges that the Landlord makes no representations with respect to the condition of the Leased Premises. The Tenant's assumption of responsibility is made subject to WT

	performing its obligations to GBC in respect of environmental matters under the development agreements.
Term:	The College Lease Term will allow for a 4 year design and construction period followed by a 99 year lease term. The Block 3 Term will allow an option period of 3 years with 2 options, exercisable exclusively by the Landlord, to extend for additional periods of 1 year each and, if the option is exercised, the Block 3 Lease Term will allow for a 3 year construction period, followed by a lease term ending on the same date as the College Lease Term.
Commencement Dates:	<ol style="list-style-type: none"> 1. First day of the month following execution of the College Lease by both parties. 2. First day of the month following exercise of the option to lease in respect of the Block 3 Lands.
Basic Rent:	The rent structure is contained in the Confidential Attachment to this Report.
Additional Rent:	The Leases will each be a "net lease" to the Landlord. The Tenant shall pay all applicable realty taxes, if any, utilities, charges, operating costs, repairs, maintenance and replacement of any components, structural or otherwise, in respect of the buildings and improvements throughout the design and construction periods and the balance of the Terms of the Lease.
Use:	The Tenant will use the Leased Premises for the construction of the buildings and improvements described in the development agreements between WT and GBC which will contemplate the use of Block 5 as an academic building, Block 3 for a student residence and recreational centre and Block 4 as part of the connected

	<p>concourse and underground parking facility under Blocks 3 and 5. The development agreements may also include a district energy facility within the Leased Premises location of which shall be subject to the approval of the City. The Leases will permit GBC to use the Leased Premises for the construction of an academic building on Block 5, a student residence and recreational centre on Block 3, underground parking and concourse in Block 4, a district energy facility and for any other purpose that GBC is entitled to undertake under its constating documents as of the commencement date of the College Lease, provided such uses are permitted under the applicable zoning, subject to a list of prohibited activities. Subject to the provisions on subleases, GBC may sublease parts of the Leased Premises for ancillary uses provided such uses are permitted under the applicable zoning, subject to a list of prohibited activities. No residential development, with the exception of student and faculty residences, will be permitted. Student residences may be used for non-students during non-peak academic periods. No free-standing entertainment, industrial, commercial or office buildings or hotel will be permitted.</p>
<p>Landlord's Reserved Easements/ Easements to be Granted by the Tenant:</p>	<p>The Landlord will reserve easements or require the Tenant to grant easements, at the Landlord's option, necessary for the City to protect its municipal services within the Leased Premises, including municipal water services, structural support easement in respect of the underground parking facility and district energy facility which provides structural support for the public street between Blocks 3 and 5, an easement for public vehicular and pedestrian access along the east 18 metres of Block 5, and any other easements that are necessary will be reserved by the Landlord.</p>

<p>Underground Parking Facility</p>	<p>The Tenant will covenant to construct and maintain that portion of the underground parking facility that supports the overhead public road to certain standards and on terms acceptable to the City.</p>
<p>Financial Capacity:</p>	<p>Prior to making the building permit application, the Tenant shall provide reasonable evidence to the Landlord of the manner in which the construction pertaining to the building permit will be financed.</p>
<p>Subleases / Assignments:</p>	<p>The Tenant will not be permitted to sublease or assign the Lease, or any interest in the Leased Premises, unless the Tenant has obtained the prior consent of the Landlord not to be unreasonably withheld or delayed. Notwithstanding the foregoing, as long as GBC is remaining fully liable for the payment of rent and the performance of lease obligations GBC may sublet portions of the Leased Premises from time to time without the consent of the Landlord, including: a sublease of the underground for the GBC/WT parking structure; a sublease of part of the underground Block 4 and part of Block 5 above grade to WT for a district energy facility; sublease to the operator of the student residence; subleases within the student residence for residential accommodation; subleases of ancillary space; leasehold and subleasehold mortgages; and an assignment of the Lease to Waterfront Toronto or Waterfront Toronto taking possession of the Leased Premises in accordance with the development agreements between Waterfront Toronto and GBC.</p>
<p>Specific Covenants in respect of Redpath Sugars</p>	<p>The Leases will contain Tenant covenants and obligations in respect of various matters arising out of zoning and official plan settlement agreements among Redpath Sugars, the City, Waterfront Toronto and</p>

	<p>TEDCO. The Leases and all subleases of the Leases shall contain the warning required under the zoning by-law in respect of noise, odours, dust and light emissions from the Redpath facility.</p>
<p>Unfulfilled builder obligations under the Development Agreement between Waterfront Toronto and George Brown College</p>	<p>The Landlord may require the Tenant to enter into an Amending Lease Agreement to include, as Tenant obligations under the Leases, any unfulfilled builder obligations under the development agreements.</p>
<p>Ownership of Buildings / Surrender</p>	<p>The Tenant will agree to develop the Leased Premises as contemplated in the development agreements entered into with Waterfront Toronto. The buildings will be the property of the Tenant throughout the Terms, provided that at the expiry of the Terms, the buildings will automatically become the property of the Landlord unless the Landlord directs the Tenant to demolish any buildings and restore the lands in a vacant state, in which case only those buildings for which the Landlord wishes to take ownership (if any) will remain on the lands. The Tenant will be responsible to maintain the Leased Premises and leave the Leased Premises in a safe condition.</p>
<p>Environmental:</p>	<p>The Tenant will be required to comply with all environmental laws. The Tenant will be responsible for any hazardous materials in, on or under the Leased Premises which were released or otherwise produced by the Tenant or by those persons for whom the Tenant is responsible. The Landlord will remain responsible for third party claims and government orders arising out of the pre-existing environmental conditions.</p>
<p>Default:</p>	<p>The Leases will contain usual events of default and, in addition, if the development agreements between Waterfront Toronto and George Brown College are terminated and Waterfront Toronto does not take an assignment of the Leases such event will be</p>

	a default under the Leases. The Leases will contain usual remedies of the Landlord in the event of default, including but not limited to re-entry, reletting and/or terminating the Leases, subject to any prior rights of a leasehold mortgagee.
Indemnity:	The Tenant will agree to manage all development and construction activity on the Leased Premises, to construct in accordance with the requirements of the Leases, the WT development agreements and all applicable land use control bylaws and indemnify the Landlord against any claim arising in respect of the possession of the Leased Premises.
Insurance:	The Tenant shall obtain adequate insurance of all types in amounts and form satisfactory to the City's Risk Management Division.
Dispute Resolution:	Disputes between the parties as to calculation of Basic Rent shall be resolved by a dispute resolution process set out in a schedule to the Leases.
Administration and Management of Leases	The Chief Corporate Officer, his successor/designate, shall administer and manage the Leases, including the provisions of any consents, approvals, notices, notices of termination, provided the CCO may refer consideration of such matter to City Council for determination.