

2013-14 TLC ANNUAL PLAN

MESSAGE FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER

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In reflecting on achievements for the 2012 -2013 fiscal year, and in looking ahead to 2013-2014, we would have to conclude that it has been a very eventful and challenging year, with much uncertainty and change at TDSB, and in turn, for the TLC. Together as we move forward, a great deal of efforts and focus will be needed to ensure continuity, stability and sustainability.

Since the inception of the TLC, it has been the practice of TDSB, at its Board meeting in June, to approve its future year Capital Plan and Budget, embedded in which are recommend surplus properties to be referred to TLC for implementation. This Plan and Budget would then be approved by the Ministry of Education in early fall. However, for the TLC 2013-2014 budget, this decision making process was interrupted.

Due to Ministry concerns about the need to eliminate the existing capital deficit, TDSB's inclusion of anticipated revenues from sites not yet approved as surplus, and cost over-runs associated with the construction of Nelson Mandela, the Ministry placed a capital cessation on all Board projects and suspended approval of the Capital Budget.

Challenges continued for the Board following the release of the PwC Resource Allocation Review Report, in November 2012, which identified a number of recommendations for improving accountability, and more effective and efficient management of resources. Subsequently, a sudden change in the Director of Education left the current Acting Director and her senior team to work with a Special Assistance Team (SAT) appointed by the Ministry, to implement the recommendations of the PwC review. These events have impacted TLC in the following way.

Only an interim 2013-2014 TLC budget could be approved by the TLC Board in May 2013, as it was not possible to project revenues from sales of properties without a TDSB approved Capital Plan and Budget. This situation was finally rectified with approvals by TDSB and the subsequent lifting of the capital freeze by the Ministry in June-July 2013.

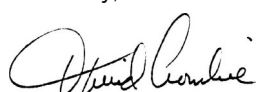
In February 2012, TDSB requested TLC to assume a leadership role for Redevelopment Projects that it had approved. At this time, TDSB and the Ministry are in the process of re-evaluating the five Redevelopment Projects, initially approved by the Board, in an effort to advance the required approvals necessary to proceed.

As noted in the 2012-13 Annual Plan, November 2013 will mark the end of a second term for three citizen Directors serving on the Board of TLC. We wish to take this opportunity to express our sincere appreciation and gratitude to Hugh Heron, Jane Marshall and Jane Pepino for their tremendous contributions and efforts to the work and success of the Toronto Lands Corporation. We would also like to welcome our new citizen Directors, Michael Fenn, Sheerin Sheikh, and Steven Zakem, as they begin their service on the TLC Board, starting December 2013.

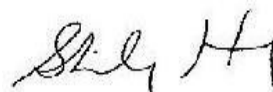
The skills, knowledge, experience and dedication of the Board members of TLC have provided invaluable support and direction to the TLC staff team in fulfilling the mandate and meeting the objectives from year to year.

In conclusion, as we present the sixth Annual Plan, our thanks and appreciation to the TLC Board, the TLC staff team, the TDSB Board, and TDSB staff for all their support in the important work of the Toronto Lands Corporation.

Sincerely,



David Crombie, Chair



Shirley Hoy, Chief Executive Officer

MISSION STATEMENT

To improve the quality of education for students in TDSB schools by maximizing value to the TDSB through the management and, where determined by the TDSB to be appropriate, the redevelopment and/or sale of properties no longer required by the school board.

The TLC is committed to improving the long-term success of the TDSB and understands that its properties and projects often lie at the heart of neighbourhoods. The TLC is committed to fulfilling its mission while recognizing the importance of community building.



GOVERNANCE

The Toronto Lands Corporation was established in 2007 on the basis of a Shareholder's Direction, a legal document that outlines the relationship between the TDSB, as the sole shareholder of the corporation, and the TLC, its subsidiary corporation. The main purpose of the Shareholder's Direction was to set out the services that the TLC provides for the TDSB. It also focused on the expectations surrounding the original group of 97 non-operational sites, transferred to the TLC for oversight and actioning (in accordance with TDSB resolutions).

A summary follows:

- Of the 97 original properties transferred to the TLC, 20 were non-actionable from the start; including 9-Bill 30 schools, and 11 – Purpose Built Administrative Sites and Operation Sites.
- Of the 77 remaining properties, 67 have been actioned.
- Of the 14 remaining properties, all are un-actionable at this time. These sites include TDSB core-holdings, resulting from long-term leases or sites required for future TDSB pupil accommodations.

With additional new sites directed to the TLC by the TDSB, a total of 131 sites now make up the TLC portfolio (this includes sites sold to date). A large portion of the portfolio however, continues to prove challenging for the TLC to sell and generate revenues. As a result, the TLC's ability to maximize revenues on behalf of the TDSB has diminished and has also become more complex and challenging.

Board of Directors

The TLC Board is comprised of ten Directors. TLC Citizen Directors are: David Crombie (Chair), Dino Chiesa (Vice Chair), Harold Brathwaite, Hugh Heron, Jane Marshall,

Jane Pepino; and 4 TDSB Trustees Directors are: Chris Bolton, Howard Goodman, Pamela Gough, and Sheila Cary-Meagher. Brief biographies for the TLC Directors are posted to the TLC website.

In 2013, three Citizen Directors will come to the end of their second term of serving on the TLC Board. Only two terms of service are permitted by Directors in accordance with the Shareholder's Direction. With the guidance of the TLC's Nominating and Governance Committee, the TLC put forward recommendations for new Citizen Directors which were subsequently approved by the TDSB. As a result, on December 1, 2013, three new Citizen Directors will be joining the TLC Board, they are Michael Fenn, Sheerin Sheikh and Steven Zakem.

Market Overview

The Shareholder's Direction requires that the Annual Plan be supported by a discussion of market conditions. The TLC reviewed market analysis provided by the following organizations:

- Canada Mortgage and Housing Commission
- Toronto Real Estate Board
- RealNet Canada Inc.

Please see final page of This Plan for email links to the market analysis resources noted above.



MANAGEMENT

In early 2013, there were a number of changes in the TLC team.

Marlene Riley, our Manager of Corporate Administration, resigned from TLC in order to devote more time to family priorities. Marlene has been invaluable in the establishment of the Toronto Lands Corporation. Her strategic and diligent support to the TLC Board, in addition to her excellent planning and organizational skills, has enabled TLC to fulfill its mandate. We are fortunate that Marlene can still work with us on a part-time basis to provide strategic advice.

The TLC staff team continues to be structured with flexibility and cost effectiveness in mind. The primary focus continues to be on property management and leasing, asset management and disposition, real estate legal advice, oversight of TDSB pools, and corporate administration. Given the team is small and nimble, it can respond quickly and effectively to changes and requests from the parent corporation, TDSB, whilst providing an invaluable service.

TDSB LONG-TERM PLANNING AND CAPITAL BUILDING PROGRAM

TDSB Long-term Planning and Capital Building Program:

In keeping with Ministry of Education direction, the TDSB has focused on eliminating the capital deficit for the Board, as well as seeking Ministry approval of the Board's additional capital projects. In June 2012, the TDSB gave approval to a Five-Year Capital Building Program, 2011-2016. However, on October 3, 2012, the Ministry of Education wrote to TDSB pausing new capital projects until it received an acceptable Capital Deficit Recovery Plan (CDRP). In early 2013, a Ministry Special Assistance Team was established to help the TDSB with its overall capital and operating budgetary challenges. By May 2013, the Ministry approved the TDSB approved CDRP. Shortly thereafter, at its June 19 Board meeting, the TDSB approved a 3-Year Capital Plan (2013-2016).

The key components of the Capital Building Program are:

1. Financial capacity to fund new expenditures must be funded before planning begins on new major capital projects.
2. Existing Capital Program Forecast – those underway with funding from Ministry and/or another public partner to be documented.
3. Pupil Accommodation Review Projects – based on accommodation needs identified from PARC reviews during the last three years.
4. Redevelopment Capital Program Forecast – six potential redevelopment projects have been approved for actioning by the TDSB. Only one, Lawrence/Midland has received Ministry funding approval.
5. New Capital Program Forecast – includes additional capital needs based on operational requirements, identified in the past year.

TDSB LONG-TERM PLANNING AND CAPITAL BUILDING PROGRAM CONT'D

TLC Proceeds from Sale and/or Lease

A primary source of funding for the TDSB Capital Program is the proceeds from the sale of surplus sites. The TDSB must continue to declare sites surplus for sale in order to generate the necessary revenues needed to see itself in a positive position by August 31, 2016. The TLC will support this direction by:

- Annually reviewing sites in its portfolio and recommending sites for surplus declaration based on the market, timing, feedback from TDSB planning team, etc.
- Working with TDSB staff to review large acreage operational sites and providing real estate advice as to which would be good candidates for severance and sale of vacant land.
- Working to maximize lease revenues by renegotiating fees to fair market rates where possible.
- Continuing to work with partners who benefit from TDSB support and subsidy and to seek financial support from other sources where possible.
- Providing the real estate work associated with the TDSB redevelopment projects, in order for the TDSB to focus on what is required to best meet its students' needs.

TDSB Long-term Program & Pupil Accommodation Strategy

The TDSB Capital Program forecast will continue to be updated as decisions are made by the Toronto District School Board. TDSB staff continues to bring forward recommendations focused on pupil programming needs in association with accommodation needs. On June 20, 2012, the TDSB gave its staff approval to pursue public consultation in relation to a *Long-term K-12 Program and Pupil Accommodation Strategy* which would ensure an opportunity to thoughtfully and strategically create a relevant and sustainable future for students. At the December 12, 2012 TDSB Board meeting, the Director of Education noted that a report on the development of the strategy would be sent to trustees in January 2013. Presently, the *Long-term K-12 Program and Pupil Accommodation Strategy* continues to progress with a report back anticipated in 2013-14.

In the meantime, TLC staff continue to support this initiative by focusing on the real estate potential that may come to light throughout the process.



Elevation illustration of the new Bendale Thomson School, 1555 Midland Avenue

Photo credit: ZAS Architects + Interiors Inc.

TDSB REDEVELOPMENT PROJECTS

The Toronto District School Board, at its meeting on October 28, 2009, launched 10 Accommodation Review Committees (ARCs) and identified five potential redevelopment opportunities as part of the five-year Capital program. They are:

- Davisville-Yonge;
- Lawrence Heights;
- Bloor-Dufferin;
- Lawrence-Midland; and
- Oakburn-Avondale.

A sixth project, Ryerson community, was approved in 2011.

In early 2012, the TDSB requested that the TLC take the lead, as its agent, in the implementation of the real estate work associated with these projects. Unfortunately, in the fall of 2012, the Ministry did not approve the TDSB 5-year Capital Plan, and moreover, indicated that Redevelopment Projects should be removed from the new future 3-year Capital Plan to be developed.

With the exception of the Lawrence/Midland project which is already fully funded and in implementation mode, the TDSB and the Ministry are in the process of re-evaluating the other Redevelopment Projects, in order to determine the most appropriate course of action.

LAWRENCE-MIDLAND

In 2012, the TLC, TDSB and Ministry of Education gave approval for the Lawrence-Midland Redevelopment Project which arose as a result of the completion of an ARC. The final ARC recommendations included the consolidation of Bendale BTI and David and Mary Thomson CI into a new building, along with the conversion of Donwood Park PS to a JK-Grade 8 school in a campus setting with the new secondary school. Accordingly, the TDSB declared 12 acres of the David and Mary Thomson CI school site and 7 acres of vacant land surplus for sale. The school site and vacant lands were circulated in accordance with Reg. 444/98, by the TLC from October 2012 to January 2013.

Presently, the TLC is finalizing the purchase and sale agreement for the David and Mary Thomson CI school site with a coterminous school board. The sale will be completed following the relocation of TDSB students to the new Bendale Thomson School in September 2016. In relation to the new school site, TLC and TDSB have completed the new school design with the site plan application and draft plan subdivision submitted to the City for approval during summer 2013. It is anticipated new school construction will commence in spring 2014 with construction completion and full pupil occupancy expected by September 2016.

SUMMARY

As part of the TDSB approved 3-year Capital Plan (2013-2016) two of the redevelopment projects – Bloor/Dufferin, and Davisville – have been listed for actioning in 2014-15 and 2015-16 respectively. However, to date, Ministry approval to proceed on the projects has not yet been granted.

Regarding the Avondale/Oakburn project, a major change in the scope of this project has occurred. Avondale/Oakburn is no longer a Redevelopment Project as originally approved by the TDSB Board. Instead, the project will now be a capital project in rebuilding a new school on site.

OVERVIEW

With the establishment of the TLC, the TDSB transferred 97 properties to the TLC for oversight. Most properties were non-operating school sites along with some operating administrative and maintenance sites. They included:

- Closed schools leased to a third party,
- Closed schools that are vacant,
- Bill 30 schools under 99 year leases to the Toronto Catholic District School Board (TCDSB),
- Vacant land sites, and
- TDSB administration or plant operations sites.

See [2010-11 Annual Plan \(Appendix 2\)](#) posted to the TLC website (www.torontolandscorp.com), for the original list of 97 sites transferred to the TLC for oversight.

Although transferred to the TLC for oversight, the TLC must await a surplus declaration by the Toronto District School Board before actioning a sale or lease on any property. Surplus declarations by the TDSB are generally approved following a rigorous review of student accommodation and programming needs in conjunction with school buildings in the area.

See [2013-14 Annual Plan \(Appendix 1\)](#) posted to the TLC website (www.torontolandscorp.com) for an updated reflection of sites under TLC oversight. Note that column 1 (TLC site #) reflects the same identification number attached to the site in the original listing of 97. Note that due to severances and additional sites declared surplus by the TDSB, a total of 131 sites are now reflected.

Accomplishments to Date

As outlined in the Shareholder's Direction, the TLC has primary responsibility for providing:

1. Asset management services (optimizing values by timely sale or redevelopment);
2. Property management services (including leasing and lease administration); and
3. Project management services (overseeing redevelopment

ment projects, TDSB school pools and other projects as assigned).

Since the establishment of the TLC, the following summary reflects the disposition of properties to date.

- ◆ In 2008-2009, of the 97 non-operating school sites transferred to the TLC in the spring of 2008, the TDSB approved the sale of 16 properties in June 2008.
- ◆ In 2009-2010, as a result of the TDSB Board resolutions of June 24-25, 2009, *nine* sites were declared surplus and directed to the TLC for circulation under Reg. 444/98. The Sandhurst Circle site was subsequently recalled by the TDSB and retained for use by operating schools in the area. The Alton Towers site was severed into two sites and sold as such; therefore, a total of nine sites is reflected for this period. Additionally, a further eight sites became available to the TLC for disposition as a result of:
 - ⇒ Easement requirements by the City of Toronto; Properties where negotiations for disposition had commenced prior to the start-up of the TLC.
 - ⇒ Negotiations and final sale concluded by the TLC; and
 - ⇒ Additional surplus declarations by the TDSB.
- ◆ In 2010-2011, twenty sites were declared surplus for sale and directed to the TLC.
- ◆ In 2011-2012, seven sites were declared surplus and directed to the TLC.
- ◆ In 2012-2013, three sites were declared surplus for sale. Two of them were dependent on sales to be concluded with a coterminous board. Following negotiations with a coterminous board and decisions by the Ministry, sale of one of the sites was not approved.

See page 15 for an overview of all TLC dispositions

SUMMARY OF SALES

Since September 2008, a total of 67 sites have been declared **surplus for sale** in addition to one redevelopment project of Lawrence/Midland. In the 2012-13 fiscal year, the Rexdale PS site was removed from the TLC portfolio and returned to TDSB as a fully operating school. Furthermore, when the Ministry of Education did not grant funding approval for the sale of the Earls court site, the site was reintegrated into the TLC lease portfolio. The various changes in property sales resulted in a revised 2012-13 revenue target. At June 2013, four sites were added to the disposition portfolio. The gross revenue associated with the sale of these 57 sites is \$312M at August 31, 2013.

SUMMARY OF LEASING AND PROPERTY MANAGEMENT

The existing TLC Leasing and Property Management portfolio continues to generate revenues that support approximately half of the operating costs for the corporation. As properties continue to be sold, and lease revenues decrease, the TLC operating requirements will be analyzed in order to reduce expenditures as much as possible so that the corporation can stay within the existing operating envelope.

To date, TLC has 53 actively managed leases compared to 52 at this time last year. The loss of tenants in Fairmeadow and Rexdale, which were returned to TDSB administration for use was offset by the addition of Kent Sr. Public School and McCowan Jr. Public School to TLC's leasing portfolio. To date, four new leases have been completed at Kent.

Total vacant space in the TLC portfolio has increased by 78,000 square feet on a year over year basis, reflecting the departure of the French Board from Brockton and inventory additions at Kent and McCowan. The increase in vacancy is very similar to the increase in the rentable area of the TLC portfolio which has risen by 73,000 square feet on a year over year basis.



Kent S.P.S., 980 Dufferin Street

Photo credit: TDSB, Facility Services

ASSET CATEGORIES

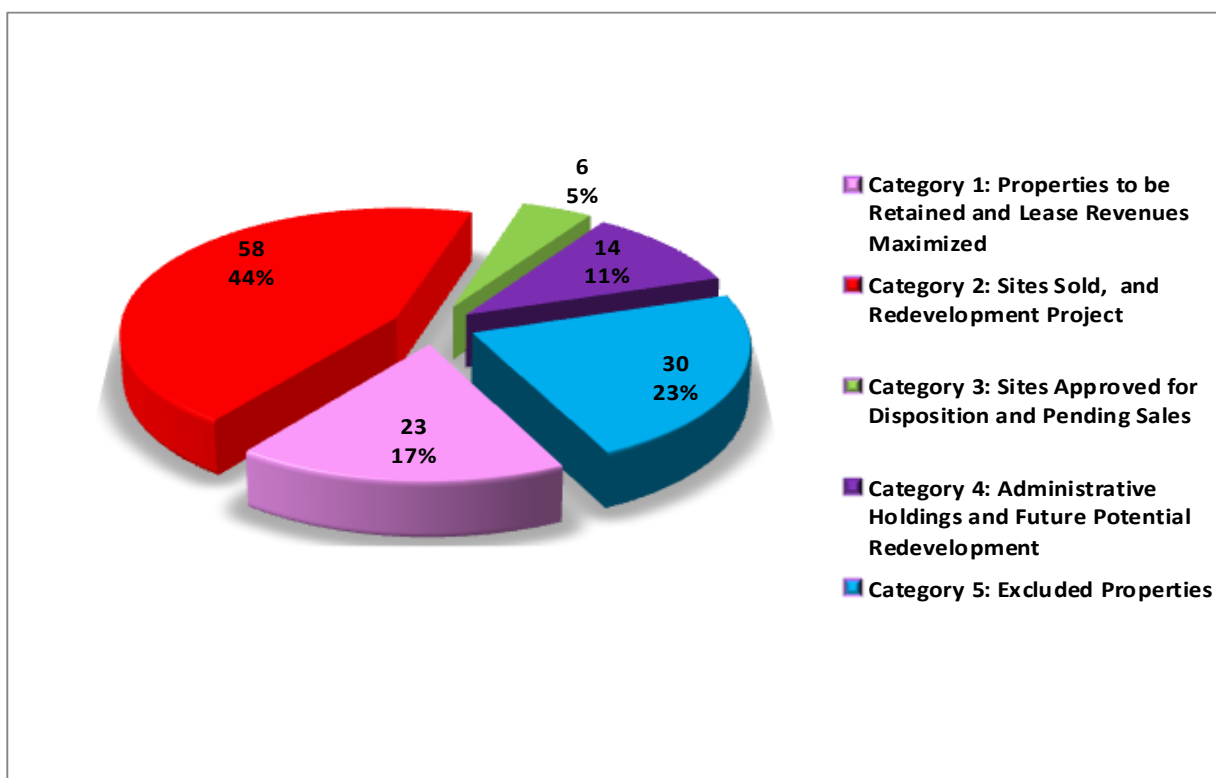
TLC staff has undertaken a strategic review of all assets under its administration. The objective of this review was to inform its decisions on reinvestment and to maximize rental income wherever possible. Key considerations included:

- Prioritizing opportunities in the TLC portfolio;
- Reducing risks in the TLC portfolio (financial, political and social); and
- Ensuring compliance with TDSB policy commitments to students, children and community.

The review led to the categorization of sites into five main areas noted below.

Category 1: (23)	Properties to be Retained and Lease Revenues Maximized <ul style="list-style-type: none"> • 23 leased sites
Category 2: Actioned and/or Actioning (58)	Sites Sold, and Redevelopment Project <ul style="list-style-type: none"> • 57 sites sold at August 31, 2013 • 1 Redevelopment Project
Category 3: Actioning (6)	Sites Approved for Disposition and Pending Sales <ul style="list-style-type: none"> • 4 sites approved for disposition • 2 pending sales
Category 4: Potentially Actionable (14)	Administrative Holdings and Future Potential Redevelopment <ul style="list-style-type: none"> • 11 Administrative Holdings • 3 future Redevelopment Projects
Category 5: Not Actionable (30)	Excluded Properties includes properties noted below: <ul style="list-style-type: none"> • 9 Bill 30 schools • 14 Core Holdings • 5 properties returned to TDSB as fully operating sites • 2 land exchanges with the City of Toronto

The full TLC portfolio has been reviewed. The portfolio has been separated into five categories of sites (see www.torontolandscorp.com, Administration, etc.), along with the excluded sites noted above. A total of **131 sites** are reflected on the pie chart.



1. ASSET MANAGEMENT PORTFOLIO OVERVIEW

For the period between 2008 to August 2013, 67 sites have been declared surplus for sale. The following summarizes the sales statistics to date:

- 67 properties declared surplus
- 57 Properties Sold to date
- 30 Sold to Public Agencies, such as City of Toronto and coterminous boards (Alton Towers, Timothy Eaton and Briar Hill counted as 2 sales each, due to severance of original sites into 2 parcels)
- 27 Sold to private companies

The total revenue to date from sales is **\$312M**.

2. CURRENT MARKET CHALLENGES

Of the 57 sites sold to date 47% have been sold to private purchasers and in most cases for infill residential re-development. The market for single family homes continues to be quite strong, and produce the highest revenue opportunities for TDSB properties. However, recent sales indicate stabilization of land values, and challenges in multi-residential developments.

The leasing market has remained relatively stable on a year over year basis. TLC's leasing performance has benefited from existing private and specialty schools who are looking for opportunity to expand. At the same time the blocks of space they are looking for have been less than the size of the schools recently added to TLC's portfolio. This has required a conversion of these buildings to shared use.



Brooks Road P.S., 85 Keeler Boulevard

Photo credit: Bosley Farr Associates Ltd.

3. STRATEGIC CONSIDERATIONS IN DEVELOPING RECOMMENDATIONS

On a regular basis, the TLC undertakes a review of its current portfolio and evaluates sites for disposition potential based on highest opportunity for sale. The criteria for selection include the following:

- 1) Identify/prioritize opportunities in TLC portfolio;
- 2) Identify/reduce risks in TLC portfolio; and
- 3) Identify large properties valued as high opportunities for potential severance (with leases that are not expiring or considered for termination) and sell the vacant land portions.

For a description of the strategic considerations noted above, please access the 2011-12 TLC Annual Plan at www.torontolandscorp.com, pages 24 and 25 or visit www.torontolandscorp.com, About Us.

4. ASSET MANAGEMENT RECOMMENDATIONS FOR 2013-14

At its June 19th/20th meeting, the TDSB Board recommended that the following sites (currently under TLC oversight as they are non-operating sites), be declared surplus for sales and referred to the TLC for circulation pursuant to ON Reg. 444/98:

For the 2013-2014 fiscal year:

1. Kipling Grove;
2. Mallow Centre PS;
3. Vincent Massey JPS; and,
4. Boyne OEC site (remaining portion).



Pringdale Gardens J.P.S., 1325 Danforth Road

Photo credit: Bosley Farr Associates Ltd.

ASSET MANAGEMENT CONT'D

Summary of Approvals by the TDSB Board:

At the TDSB Board meeting on June 19 & 20, 2013, the TDSB decided:

That the non-operating sites, as presented in the report TLC Portfolio: Recommendations for Dispositions, be declared surplus for sale and referred to the Toronto Lands Corporation for disposition pursuant to O. Reg. 444/98.

For the fiscal year 2013-2014:

Kipling Grove;
Mallow Centre;
Vincent Massey JPS; and,
Boyne OEC site (remaining portion)

PROPERTY MANAGEMENT SERVICES

1. LEASING PORTFOLIO OVERVIEW

Size of Portfolio

As of July 1, 2013, TLC's active leasing portfolio comprises 53 rental units representing a total area of 1.148 million square feet. This total excludes 7 vacant buildings currently marketed for sale. Also excluded are the portions of TLC administered buildings

occupied by TDSB operating programs or administrative groups.

Tenant Mix

The distribution by Tenant Type is summarized in Figure 1. The land areas of the five land leases are excluded from the square foot total which focuses on rentable building areas.

Tenant Typ	July 2013 - TLC Lease Portfolio				
	Sq. Ft.	% of Ttl	Avg. Size (Sq. ft.)	No. of Tenants	% of Ttl.
Land Lease	0	0.0%		5	9.4%
Vacant Units	106,082	9.2%	26,521	4	7.5%
Special Needs Children	112,739	9.8%	18,790	6	11.3%
Social Agency	103,239	9.0%	25,810	4	7.5%
Other Child care	8,749	0.8%	4,375	2	3.8%
City Child Care	45,595	4.0%	5,066	9	17.0%
Other Not for Profit	34,416	3.0%	17,208	2	3.8%
Other Board	213,023	18.5%	71,008	3	5.7%
City of Toronto	57,387	5.0%	28,694	2	3.8%
Religious School	61,581	5.4%	61,581	1	1.9%
Private Schools	405,586	35.3%	27,039	15	28.3%
Total/Average	1,148,397	100.0%	21,668	53	100.0%

Figure 1—Actively Managed Lease Portfolio – Tenant Distribution

The four largest tenant groups by square footage are Private Schools (35.3%), Other School Boards (18.5%), Special Needs Children Programs (9.8%) and Vacant Units (9.2%).

Counting the number of leases, the largest groupings are Private Schools (15), City Childcare facilities (9), Special Needs Children programs (6), and Land Leases (5).

Comparing the tenants categories by average size of the individual rental units, the 3 largest categories are Other Boards (71,008 sf.), Religious Schools (61,581 sf.) and City of Toronto (28,694 sf.).

Contribution to total Rental Income

From the perspective of their contribution to total rental income, the two most important categories are Private Schools (47.6%) and Other Boards (11.4%), which together account for almost 50% of the total rental income generated by the lease portfolio. The importance of the Private School category reflects the large size of the average private school lease.

Figure 2

Contribution to Total Rental Income by Tenant Type

July 2013 - TLC Lease Portfolio				
Tenant Typ	% of Ttl. Rental Income	Bldg. Sq. Ft.	No. of Tenants	% of Ttl.
Land Lease	3.8%	0	5	9.4%
Vacant Units	0.0%	106,082	4	7.5%
Special Needs Children	10.1%	112,739	6	11.3%
Social Agency	10.3%	103,239	4	7.5%
Other Child care	1.5%	8,749	2	3.8%
City Child Care	3.0%	45,595	9	17.0%
Other Not for Profit	2.9%	34,416	2	3.8%
Other Board	11.4%	213,023	3	5.7%
City of Toronto	4.3%	57,387	2	3.8%
Religious School	5.2%	61,581	1	1.9%
Private Schools	47.6%	405,586	15	28.3%
	100.0%	1,148,397	53	100.0%

As of July 1, 2013, TLC's active leasing portfolio comprises 53 rental units representing a total area of 1.148 million square feet.

2. LEASING CHALLENGES

The major challenges to increasing revenues from the leased portfolio are listed and described below:

1. Tenant Affordability
2. Tenant Compatibility
3. Restricted Hours of Access
4. Property Condition
5. Average Term of Lease
6. Child Care Tenancies

PROPERTY MANAGEMENT SERVICES CONT'D

Tenant Affordability

As shown in Figure 1, a large number of TLC tenants are Social Service Agencies, Childcare operators and Special Needs Children's programs. These tenants often have limited financial resources which, in many cases, include relatively fixed provincial or municipal grants and private sector donations. As a result of their not-for-profit nature and the nature of their funding sources, their ability to pay rental increases is limited.

Tenant Compatibility

The most frequent queries to TLC come from preschools and private schools that are competitors with existing tenancies. As a result, where limited vacant space does become available, interested tenants are often competitors.

In other cases, the tenant interested in vacant space supports programming for adults or older age children, which raises the possibility of uncontrolled mixing with pre-school or younger age children served by existing tenants. In addition, sometimes there is a shortage of separate washrooms because new tenants serving or staffed by an older population require separate washrooms from existing day care or pre-school tenants.

Restricted Hours of Access

Many tenants would like weekend and evening access. The cost of caretaking to open schools and monitor/control access cannot be justified based upon existing rental income. This creates conflicts with many tenants who want weekend / evening access but cannot pay the supplemental costs and often overtime wages that must be paid to provide the extra access.

Property Condition

TLC's typical property is more than 40 years old. In an ideal situation, heating and ventilation systems and windows would all have been replaced by now. Existing tenant affordability and limited access to capital funds limit the ability to replace and upgrade older inefficient systems. In the case of successful private schools that would pay higher rent for superior facilities, the condition of the building limits the rent they are willing /able to pay because of the ceiling it puts on the fees they can charge.

Lease Term

TLC, as required by the Shareholder's Direction, is not permitted to enter into any multi-year lease without a 12 month right of termination. The financially stronger tenant, typically a private or religious school, is willing to make capital investments to upgrade major systems and building elements (e.g. windows) if a sufficiently long lease term (e.g. 10-15 years) is available. At the present time, entering into such an arrangement requires specific TDSB Board approval.

Child Care Tenancies

City childcare tenancies, in most cases, do not cover building operating costs. These tenants are not in a position to contribute any funding toward major capital repair requirements for most buildings.

BUDGET 2013-14

Operating Budget	2012-2013 Budget	Approved 2013-2014 Budget
Realty Lease Operations		
Lease Revenue and Recoveries	\$ 8,520,031	7,810,000
Other Revenue	55,335	55,000
Sub-total	8,575,366	7,865,000
 TDSB Program and Administration	1,257,696	915,000
Deferred Capital Improvement Revenue	1,000,000	1,000,000
Total Revenue	8,833,062	7,780,000
 Property Management Expenditures		
Caretaking	3,042,000	3,009,000
Maintenance	1,823,000	1,782,000
Utilities	1,744,000	1,680,000
Total Operations Expense	6,609,000	6,471,000
Property Taxes	50,000	50,000
Provision for rental arrears	20,000	20,000
Total Property Management Expenditures	6,679,000	6,541,000
 TDSB Staff and Services		
Facility Services	145,412	170,402
Business Services	94,366	80,973
Administrative Support Allocation	60,000	60,000
Total TDSB Realty Staff and Services	299,778	311,375
Total Expenditures	6,978,778	6,852,375
 Net Realty Lease Operations Profit / (Loss)	\$ 1,854,284	\$ 927,625
 TLC Administration Expenses		
Board Remuneration	70,000	70,000
Management Salary*	1,121,109	867,087
Professional Development	4,000	4,000
Supply and Services	63,000	50,628
Rental expenses: 60 St. Clair E. **		48,019
Legal Fees	450,000	450,000
Fees and Contractual Services	417,500	417,500
Reserve: Cost re addn'l sites		200,000
Casual Help	5,000	5,000
Furniture and Equipment	10,000	7,500
Other expenditures (incl. memberships, meeting expenses, postage, courier)	5,000	5,000
Total TLC Administration expenses	2,145,609	2,124,734
 Net Revenue (loss) before Property Sales	(291,325)	(1,197,109)
 Total Property Sales***	90,900,000	38,700,000
 Net Contribution to TDSB Capital Fund	\$ 90,608,675	\$ 37,502,891

*Reflects deletion of Chief Architect position & adjustment in some work schedules

**New budget line for temporary office re-location

***Adjustment of revenue target to \$67M due to ministry decision regarding two sites

BUDGET 2013-14 (CONT'D)

For 2013-14,
projected revenues
from sales total
\$38.7 Million.

The TLC's sixth annual budget highlights some of the successes achieved by the corporation, on behalf of the TDSB, along with changes that have impacted the organization moving forward.

The following highlights are provided in relation to the 2013-14 fiscal year:

- Realty lease operations – projected revenue decrease of 11.9% as more properties are being sold.
- Property management expenditures – projected decrease of 2.1% (operations).
- TLC administrative expenses – projected decrease of 1%; primarily due to a reduced staff complement, offset by the relocation of the TLC Office.
- Total property sales (gross) – projected revenues significantly lower than previous years because only four properties have been declared surplus.

In general, the 2013-14 Annual Budget is closely aligned to the budget for the current year. This presentation is in line with TDSB's direction to flat-line all budgets for this coming academic year due to budget constraints.



Hardington P.S., 1780 Lawrence Avenue West
Photo credit: Cushman and Wakefield

SUMMARY OF DISPOSITIONS (SALES)

Site	Location	Site Size (Acres Sold)	Status August 31, 2013	Purchaser
2008-2009 Surplus sites				
120 Borough Drive (West Parking Lot)	Scarborough	1.4	Referred back to the TDSB for ongoing operational use	
James S Bell	Etobicoke	.8	Sold March 2010	City of Toronto
Dublin PS	North York	5	Sold March 2010	City of Toronto
Franklin Horner	Etobicoke	3	Sold March 2010	City of Toronto
Harold Lawson	Scarborough	50% ownership of property	Sold Dec. 2009	Toronto Association Com- munity Living
Melody PS (partial site)	North York	3.38	Sold May 2010 Retained 4.42 acres	Toronto Catholic District School Board
Whitfield (partial site)	North York	3.4	Sold March 2010 Retained 3.5 acres	Toronto Catholic District School Board
840 Coxwell	East York	Attached to RH McGregor school	Sold May 31, 2012	Toronto East General Hospital
Shaw PS	Toronto	To be severed from Givins Shaw PS site	Sold December 2010	Artscape
Dundas Street Ware- house	Toronto	0.3	Sold November 2009	Private Owner
394 Leslie Street	Toronto	House lot, .01	Sold August 2009	Private Owner
396 Leslie Street	Toronto	House lot, .01	Sold November 2009	Private Owner
398 Leslie Street	Toronto	House lot, 0.1	Sold November 2009	Private Owner
400 Leslie Street	Toronto	House lot, 0.1	Sold November 2009	Private Owner
404 Leslie Street	Toronto	House lot, 0.1	Sold July 2009	Private Owner
406 Leslie Street	Toronto	House lot, 0.1	Sold July 2009	Private Owner

Site	Location	Site Size (Acres Sold)	Status August 31, 2013	Purchaser
2009-2010 Surplus Sites				
Alton Towers (site to be severed into 2 parcels)	Scarborough	10	Sold August 18, 2011	Private Owner
	Scarborough	5	Sold June 28, 2011	Conseil Scolaire Viamonde
Antibes Drive	North York	6	Sold June 2010	Private Owner
Boyne (portion)	Township of Mulmur	100	Sold August 2010. Retained 309 acres	Bruce Trail Conservancy
Lothian	Etobicoke	4	Sold September 29, 2010	City of Toronto
Noisy River (portion)	Township of Mulmur	80	Sold August 15, 2011. Retained 20 acres	Bruce Trail Conservancy
Page PS	North York	4.3	Sold May 2010	Private Owner
Sandhurst Circle	Scarborough		Recalled by TDSB	
Saranac	North York	1.6, playfield	Sold October 29, 2010	Private Owner
Storey Crescent	Etobicoke	5.9	Sold July 12, 2010	TRCA

SUMMARY OF DISPOSITIONS (SALES) CONT'D

Site	Location	Site Size (acres sold)	Status August 31, 2013	Purchaser
Other Surplus Sites Available for Disposition (2009-10)				
19 Sackville (portion of land)	Toronto	Conveyance for road widening	Sold November 2009	Waterfront Toronto
Edithvale (portion)	North York	3	Sold Dec 2008. Retained 5.5 acres.	City of Toronto
Heydon Park (old)	Toronto	1.7	Sold September 2008	Toronto Police Svs.
Carleton Village S.	Toronto	3	Sold October 2008	Toronto Police Svs.
Champlain (portion)	North York	1.3	Sold April 2010. 1.3 acres retained. 1.7 acres assigned to the Tippet Centre site.	Private School
939 Progress Ave (building only)	Scarborough	On Centennial College lands	Sold June 30, 2010	Centennial College
Albion Gardens	Etobicoke	6.5	Sold August 2009	Toronto Catholic District School Board
Glen Rush (portion)	North York	2.1	Sold August 2009. Retained 2.9 acres	Private School

Site	Location	Site Size (acres sold)	Status August 31, 2013	Purchaser
2010-11 Surplus Sites				
Parkview	Toronto	2.2	Sold August 29, 2011	French Public School Board (CSV)
Pine River Outdoor Education Centre	Shelburne	195.9	Sale of site cannot proceed based on existing lease.	
Essex West	Toronto	95,600 Sq. ft.	Sold August 16, 2011.	French Catholic School Board (CSDCCS)
Anthony P.S.	North York	5.4	Sold August 27 2012	Muki Baum Treatment Centre
Appian Centre	North York	4.2	Sold August 25, 2011	Toronto Catholic District School Board (TCDSB)
Cummer LINC (full site)	North York	2.6	Public partner has submitted a firm offer. Negotiations are underway.	
Fairmeadow (vacant land portion)	North York	2.4	Sold January 24, 2012	Private Owner
Kenton P.S. (vacant land portion)	North York	2.7	Sold February 1, 2012	Private Owner
Silverthorn JPS	Etobicoke	2.7	Sold August 24, 2012	Private Owner
Richview	Etobicoke	6.2	Sold July 5, 2012	French Catholic School Board
Arlington MS	North York	1.24	Sold August 24, 2011	Private School
Silverview (vacant land only)	North York	2	Not yet circulated as additional direction required from TDSB.	

Site	Location	Site Size (acres sold)	Status August 31, 2013	Purchaser
2010-11 Surplus Sites				
Timothy Eaton BTI	Scarborough (vacant land)	5.2	Sold February 27, 2012	City of Toronto
	Scarborough (building)	7.0	Sold July 4, 2012	Private Owner
West Toronto C.I.	Toronto	8.6	Sold October 18, 2011	To French Public & French Catholic Boards
Surplus Sites resulting from Accommodation Review Process (ARC)				
Heron Park	Scarborough	5	Sold July 30, 2013	Private Owner
Peter Secor	Scarborough	5.3	Sold November 1, 2012	French Public School
Wm. G. Miller JPS (vacant land portion)	Scarborough	2.4	Sold June 29, 2012	Private Owner
Brooks Road P.S.	Scarborough	5.89	Sold August 1, 2012	Private Owner
McCowan JPS	Scarborough	6.1	Removed from disposition portfolio and declared surplus for lease.	
Pringdale Gardens JPS	Scarborough	6.3	Sold August 13, 2013	Private Owner

Site	Location	Site Size (acres sold)	Status August 31, 2013	Purchaser
2011-12 Surplus Sites				
Alderwood C.I.	Etobicoke	8.5	Sold August 29, 2012	Private Owner
Hardington (vacant land)	Scarborough	7.45	Sold August 28, 2013	Private Owner
McNicoll (vacant land)	North York	4.9	Sold November 29, 2012	Private Owner
Noisy River (remaining portion)	Honeywood, ON	19	Unsuccessful in selling at this time. Temporarily removed from the market.	
Regent Park/Duke of York	Toronto, ON	3.5	Public partner has submitted a conditional offer. Negotiations are underway.	
Rexdale (portion, vacant land)	Etobicoke	1.5	Surplus declaration rescinded Feb. 2012 by the TDSB. Returned to TDSB as a fully operating school. To remain core holding for TDSB.	
Bluehaven Centre	Toronto	6	Sold November 29, 2012	Turkish Community Cul- tural Centre
Briar Hill JPS	Toronto	0.37	Sold August 15, 2013	City of Toronto
	Toronto	1.98	Sold August 20, 2013	Private Owner

SUMMARY OF DISPOSITIONS (SALES) CONT'D

Site	Location	Site Size (acres sold)	Status August 31, 2013	Purchaser
Surplus Sites Available for Disposition (2012-13)				
Appian	North York	4.2	In February 2013, TCDSB provided notice that the Appian site was no longer required for its program purposes. In exercising its repurchase rights, the TDSB approved the repurchase of Appian for the same price sold and subsequently directed the TLC to market the property for sale.	In negotiations with a public agency.
Earlscourt	Toronto	3.16	Ministry did not grant funding approval for sale. Site returned to leasing portfolio.	
Hughes	Toronto	2.05	Sold August 1, 2013	Private Owner

Site	Location	Site Size (acres sold)	Status August 31, 2013	Purchaser
2013-14 Surplus Sites				
Boyne River Natural Science School	Township of Mulmur	308.39	Circulated to October 7, 2013.	
Kipling Grove	Etobicoke	12.1	Reg. 444/98 circulation, Fall 2013.	
Vincent Massey	Etobicoke	2.7	Reg. 444/98 circulation, Fall 2013.	
Mallow Centre	North York	4.3	Reg. 444/98 circulation, Fall 2013.	

SWIM TORONTO

In 2009, a sub-committee (Swim Toronto) of the TLC was established by the TDSB out of the Pools Governance Report for the purpose of managing, overseeing and supporting the long-term use of 31 school pools on behalf of the TDSB. Reporting to the TLC Board of Directors, the Swim Toronto Committee in collaboration with the Aquatic Working Group (AWG), permit holders and community groups have committed time and attention to fulfilling the mandate of Swim Toronto in order to ensure the long-term sustainability of 31 school pools and of the stakeholders using them.

Since the establishment of the Swim Toronto Committee, developing a governance model has been the fundamental work of Swim Toronto.

ACCOMPLISHMENTS TO DATE

2010 - 2011

- A customer-focused permit structure involving a lead role by TLC staff with support of the TDSB Facility Services Permit Unit in order to provide a customer-service approach to permitting pools.
- Establishment of a Pools Charter outlining expectations, code of conduct, and procedures for all participants using TDSB pools
- Work with TDSB Facility Services to develop protocol for:
 - ⇒ Pool service responsibilities
 - ⇒ Pool maintenance and inspection timelines
 - ⇒ Monitoring permit revenues
- Creation of a TLC Swim Toronto webpage to as a way to establish a customer-friendly approach to permitting pools while simultaneously increasing pool permit revenues. The webpage includes:

- ⇒ An increase to the base fee by 20 per cent on prime-time hours.
- ⇒ A clear understanding of caretaker over-time fees in relation to pools

- Continue to have regular meetings and work with the TDSB Facility Services & Maintenance staff, Principals, Administrative and Program staff to support improved customer service, ensure maintenance and inspection schedules are adhered to, monitor permit revenues and work toward increasing permit revenues where possible.
- Continue work with the AWG to maintain community pool representatives who act as ambassadors of their respective pools and develop a model for recruitment.
- In the process of developing an Annual Pools Report Card in collaboration with the AWG to forecast the sustainability of school pools

2011- 2012

- The completion of the tri-partite agreement between the Ministry of Health Promotion & Sport, TLC and TDSB, in which the Ministry committed \$15.8M to capital improvements in the 31 TDSB pools.
- A signed agreement with the City of Toronto for a five year term from June 2012 – June 2017, for the continued use of 33 TDSB school pools for the seamless delivery of recreation aquatic programs to Toronto residents through the City.
- The enhancement of a TLC Swim Toronto webpage to include:
 - ⇒ An interactive map of all pool sites across the City.
 - ⇒ A calendar booking set-up, which allows all permit holders to book tentative permits on the TLC website, and view vacant space.

To date, the Toronto Lands Corporation has met the Swim Toronto mandate to ensure the long-term sustainability of school pools. At this time, the Swim Toronto Committee under the TLC, has transitioned into a maintenance phase. At the May 7, 2013 TLC Planning Session, TLC recommended that the pools portfolio management be re-integrated back into the TDSB. Discussions between TDSB and TLC staff are underway to determine an implementation plan.

2012-13

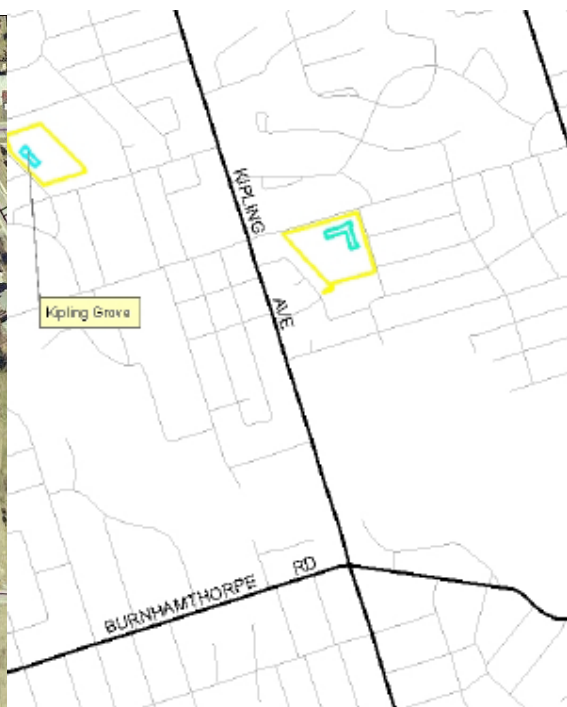
Implementation of new fee structure that parallels the TDSB permit policy, which includes the following components:

- ⇒ An incentive based structure where fees are charged in accordance with pool prime-time hours and non-prime hours.



SATEC at W A Porter

PROPERTY SPECIFIC REPORT—KIPLING GROVE



Kipling Grove	19 Glen Agar Drive, Etobicoke (Kipling Ave. / Eglinton Ave. W.) Ward 2, Trustee Chris Glover
Property Statistics	6 acres
Current Use	Building – Multi-tenanted
Tenant (s)	Two tenants: Montessori School and Child Care Tenant
Recommendation	That the Kipling Grove site be declared surplus for sale by the TDSB and circulated in accordance with Reg. 444/98.

PROPERTY SPECIFIC REPORT— MALLOW CENTRE



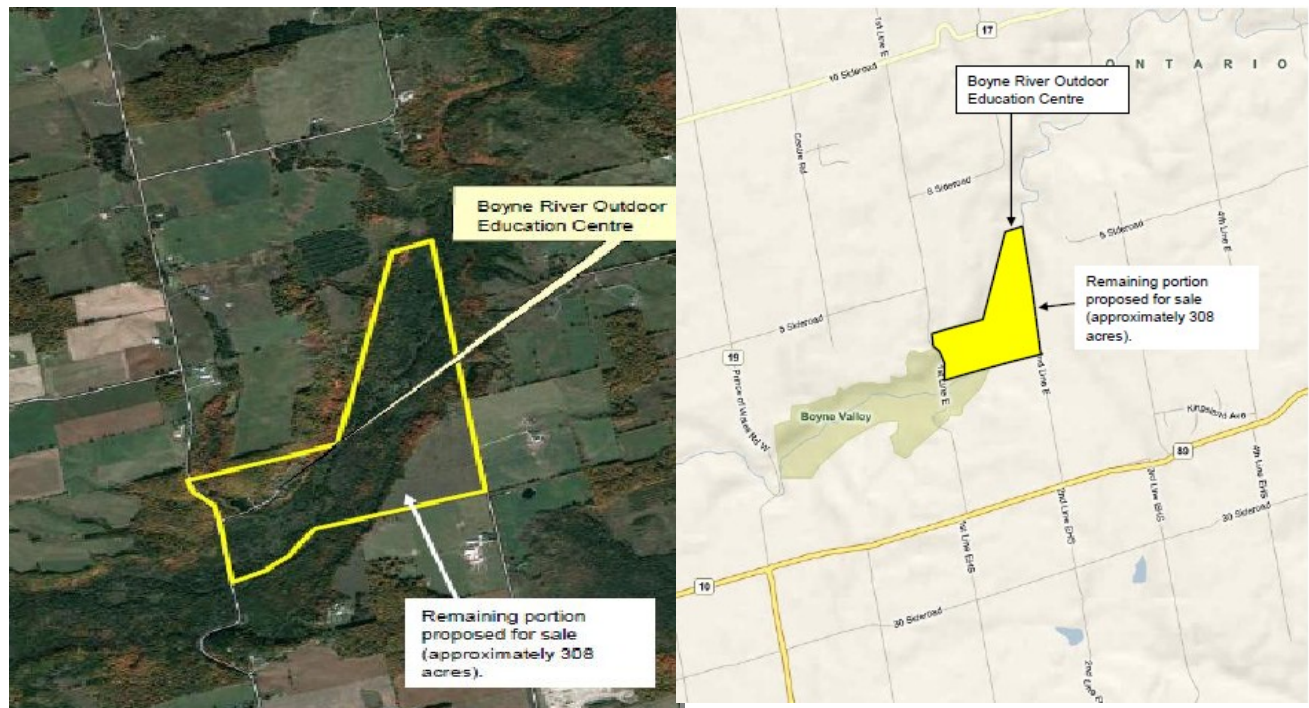
Mallow Centre	15 Mallow Road, North York (Don Mills / Lawrence) Ward 17, Trustee Harout Manougian
Property Statistics	4.3 acres
Current Use	Building – Single-Tenant
Tenant (s)	One tenant: Private School
Recommendation	That the Mallow Centre site be declared surplus for sale by the TDSB and circulated in accordance with Reg. 444/98.

PROPERTY SPECIFIC REPORT—VINCENT MASSEY JPS



Vincent Massey JPS	68 Daisy Avenue, Etobicoke (Lakeshore Blvd. W. / Kipling Ave.) Ward 3, Trustee Pamela Gough
Property Statistics	2.7 acres
Current Use	Building – Multi-tenanted
Tenant (s)	Two tenants: Child Care and LINC Tenants
Recommendation	That the Vincent Massey site be declared surplus for sale by the TDSB and circulated in accordance with Reg. 444/98.

PROPERTY SPECIFIC REPORT— BOYNE RIVER
NATURAL SCIENCE SCHOOL



Boyne River Natural Science School	RR#4, Shelburne Township of Mulmur No local Trustee
Property Statistics	308 acres approximately
Current Use	Outdoor education centre
Tenant (s)	Vacant
Recommendation	That the Boyne site be declared surplus for sale by the TDSB and circulated in accordance with Reg. 444/98.

Market Overview

Please click on the links below to direct you to various resources of market analysis for Toronto specifically.

- Canada Mortgage and Housing Corporation

<http://www.schl.ca>

- Toronto Real Estate Board

<http://www.torontorealestateboard.com/>

- RealNet Canada Inc.

<http://www.realnet.ca/>

**Visit our website:
www.torontolandscorp.com**



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