



Report to: General Committee

Meeting Date: March 1, 2021

SUBJECT: Reporting out of Lease - 7100 Birchmount Road
PREPARED BY: Jacqueline Chan, Assistant City Solicitor, Ext. 4745

RECOMMENDATION:

- 1) That the report entitled “Reporting out of Lease - 7100 Birchmount Road” be received; and,
- 2) That Staff be authorized and directed to do all things necessary to give effect to this resolution; and further,
- 3) That the report entitled “Reporting out of Lease - 7100 Birchmount Road” and the foregoing resolutions be reported out at the next public Council meeting.

EXECUTIVE SUMMARY:

Not Applicable

PURPOSE:

The purpose of this report is to provide information on the City’s lease to Amberson Education Group Inc. relating to the property municipally known as 7100 Birchmount Road, Markham (the “**Property**”).

BACKGROUND:

The City acquired the Property on February 4, 2019. The Property is approximately 5 acres in size and includes a vacant building which was the former Mother Theresa Catholic Elementary School building (the “**Building**”).

The City offered a portion of the Property for lease to the market via its vendor of record brokerage firm (the “**Listing**”) to solicit proposals for the adaptive re-use and leasing of the Property. Bids for the Listing closed on February 26, 2020. On May 26, 2020, Council approved the lease to Amberson Education Group Inc. (“**Amberson**”) one of the respondents to the Listing.

The City entered into a lease with Amberson dated as of September 1, 2020, (the “**Lease**”) over that part of the Property shown in Schedule “A” (the “**Leased Premises**”). The Lease reflects the bid submitted by Amberson in response to the Listing as well as terms and conditions approved by Council and negotiated by staff.

OPTIONS/ DISCUSSION:

The following is a high-level description of some of the business terms of the Lease:

Term	10 years, commencing September 1, 2020, and ending August 31, 2030									
Extension Rights	Amberson has the right to extend the Term for two additional terms of five (5) years each									
Fixturing Period	Amberson will have a rent free period commencing July 1, 2020 and ending September 1, 2020 to fit up the Leased Premises for its use.									
Leased Premises	<p>The lands shown in Schedule “A” which includes the Building. The Leased Premises are approximately 3.17 acres</p> <p>Amberson has the right to utilize the area labelled as “Non-Exclusive Area” in the diagram attached as Schedule “A” to enter the Leased Premises</p>									
Net Lease	The Lease is a net lease fully carefree to the City. Amberson is responsible for operating costs, repairs and maintenance.									
Rent	<p>Annual Net Rent is payable as follows:</p> <table><tr><td><u>Year of Term</u></td><td><u>Year</u></td><td><u>Annual Amount Payable</u></td></tr><tr><td>Years 1-5</td><td>2020-2025</td><td>\$826,320</td></tr><tr><td>Years 6-10</td><td>2025-2030</td><td>\$908,952</td></tr></table>	<u>Year of Term</u>	<u>Year</u>	<u>Annual Amount Payable</u>	Years 1-5	2020-2025	\$826,320	Years 6-10	2025-2030	\$908,952
<u>Year of Term</u>	<u>Year</u>	<u>Annual Amount Payable</u>								
Years 1-5	2020-2025	\$826,320								
Years 6-10	2025-2030	\$908,952								
Permitted Use	The Leased Premises shall only be used for the purposes of a commercial school, private school and/or day care use and other additional uses permitted under the applicable zoning by-law that the City may approve in writing, in the City’s sole discretion									

FINANCIAL CONSIDERATIONS

The Lease will generate annual rent for the City as shown in the above table.

HUMAN RESOURCES CONSIDERATIONS

Not Applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Stewardship of Money and Resources .

BUSINESS UNITS CONSULTED AND AFFECTED:

The Finance Department was consulted in the preparation of this report.

RECOMMENDED BY:

Claudia Storto, City Solicitor and Director of Human Resources

ATTACHMENTS:

Schedule “A” - Diagram of Leased Premises.