

Clause 11 in Report No. 9 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on May 17, 2018.

11

York University Markham Centre Campus Funding Agreement

Committee of the Whole recommends:

1. Receipt of the deputation by Lisa Philipps, Provost and Interim VP Academic, York University.
2. Adoption of the following recommendations contained in the report dated April 25, 2018 from the Commissioner of Finance:
 1. A Funding Agreement between the Region and York University be authorized to provide a \$25,000,000 contribution towards its new Markham campus, as contemplated in a Memorandum of Understanding between the parties dated September 12, 2014 (MOU).
 2. The Chief Administrative Officer and the Regional Treasurer be authorized to execute the Funding Agreement, subject to review by Legal Services.
 3. The Chief Administrative Officer and the Regional Treasurer be authorized to amend the MOU, if necessary, to extend the date upon which construction is to commence to allow York University to retain eligibility for the Region's funding.

Report dated April 25, 2018 from the Commissioner of Finance now follows:

1. Recommendations

It is recommended that:

1. A Funding Agreement between the Region and York University be authorized to provide a \$25,000,000 contribution towards its new Markham campus, as contemplated in a Memorandum of Understanding between the parties dated September 12, 2014 (MOU).
2. The Chief Administrative Officer and the Regional Treasurer be authorized to execute the Funding Agreement, subject to review by Legal Services.

3. The Chief Administrative Officer and the Regional Treasurer be authorized to amend the MOU, if necessary, to extend the date upon which construction is to commence to allow York University to retain eligibility for the Region's funding.

2. Purpose

This report seeks authority to enter into a Funding Agreement with York University further to the 2014 MOU under which the Region agreed to provide funding for a new campus, subject to achievement of certain milestones. The second and final milestone was for York University to commence construction of the new campus by the end of 2018.

3. Background and Previous Council Direction

In September 2014, the Region agreed to provide York University with up to \$25,000,000 in financial support for a new campus

In September 2013, the Province initiated a process to identify potential sites for post-secondary expansion, with a focus on providing additional university undergraduate capacity in high growth locations in the province.

On [September 11, 2014](#), Council approved entering into a Memorandum of Understanding (MOU) with York University, which was signed on September 12, 2014. Council agreed to provide up to \$25,000,000 in financial support towards a potential new Markham Centre campus. One of the two milestone requirements set out in the MOU was that the Province would select the University's proposal before December 31, 2015 (first milestone).

In May 2015, the Province announced that it had selected York University's Markham Centre campus as the site for expansion.

In June 2017, the Province announced an investment of \$127 million towards the new York University campus in Markham

In June 2017, the Province announced an investment of \$127 million towards the new campus. The Province's contribution will be approximately 50.2 per cent of the estimated \$253 million project cost, as shown in Table 1.

Table 1
Commitments to York University Markham Centre Campus

Contributor	% Share	Amount (\$ Millions)
Province of Ontario	50.2%	127
York University alumni and friends as part of Impact - The Campaign for York University	22.1%	56
York University	17.8%	45
The Regional Municipality of York	9.9%	25
Total	100.0%	253

In addition to the contributions outlined in Table 1 above, the City of Markham also donated five acres of land for the new campus site with a reported value of approximately \$27 million.

The York University Markham Centre Campus will be the first university campus in York Region

The York University Markham Centre Campus will be the first university campus in York Region. The new campus will be located in downtown Markham on the southeast corner of Enterprise Boulevard and Rivis Road, which is adjacent to the Markham Pan Am Centre.

The first 400,000 square foot phase of the campus will provide 4,200 students with access to more than 20 degree programs, including some innovative joint programs with Seneca College. York will also partner with local businesses and industry to provide unique experiential learning opportunities for students and contribute to the Region's economy. The campus is planned to expand to eventually accommodate 10,000 to 20,000 students.

The design-development phase of the new campus project is under way

In November 2017, the University's Board of Governors approved the preliminary design and budget for the new campus. The next design and development phase of the new campus project includes the production of construction documents in preparation for tendering in the summer of 2018. The University intends to start construction by the end of 2018.

4. Analysis and Implications

Since 2015, the Region has made annual contributions to the University Campus Reserve

Since 2015, the Region has contributed approximately \$1 million each year to the University Campus Reserve and its estimated 2018 year-end balance will be approximately \$4.2 million.

Release of funds to the University is still subject to the requirement to commence construction by the December 31, 2018

Under the second milestone outlined in the MOU, the Region's funding obligation was conditional upon the university commencing construction, the "Construction Milestone," on or before December 31, 2018. The MOU did not stipulate the timing of cash flows to the University. The parties have agreed to flow the funding in accordance with the payment schedule set out in Attachment 1, which also describes the essential terms of the Funding Agreement.

Currently, construction is on track to begin by the end of 2018, with an official opening to students in September 2021. This report seeks Council's approval to extend the Construction Milestone, in the event of a delay of construction.

York University is planning to offer business-relevant courses at the Markham campus in accordance with the MOU

The delivery of a broad suite of professional programs at the new campus suitable for both the University and the community was a significant factor in the Region's decision to make a financial contribution to the project. The MOU identifies eight professional program areas to be delivered, including:

- Business
- Arts/Digital Media
- Environmental Studies
- Software Information Technology
- Bachelor of Education
- Liberal Arts
- Life Sciences
- Continuing Education

The Region's Economic Strategy Office worked with York University to develop, refine and enhance the program offerings for the new campus. This now includes engineering programs that will be offered through the Lassonde Engineering school at the Markham campus.

The new campus supports the retention and expansion of a knowledge-based economy and an educated workforce

In 2012, Council approved the Region's Economic Development Action Plan and it identified developing a greater post-secondary and research presence as a key priority. Post-secondary institutions, particularly those with research facilities, are key economic drivers that lead to increased knowledge-based investment, job growth and improvement to the quality of life.

Studies identified through previous research show that new post-secondary institutions generate measurable economic benefits. Examples include the McMaster DeGroote School of Business in Hamilton, which contributed an estimated \$42.3 million in annual benefit, and the University of Ontario Institute of Technology in Durham Region, which contributed an estimated \$227-272 million in annual benefit. Major established research universities such as the University of Toronto, University of Waterloo, University of Ottawa and Queen's University have each been identified as contributing in excess of \$1 billion annually to the local, regional and provincial economies.

The Region's \$25,000,000 financial support towards the first university campus in York Region will provide residents and businesses with improved access to post-secondary education and research. The new campus will also help alleviate post-secondary living and transportation costs for residents. York Region businesses will benefit from access to students through experiential learning programs, an enhanced pipeline of local talent, and research collaboration opportunities.

5. Financial Considerations

Provided that York University meets the funding eligibility requirements, the Region will pay four installments totaling \$25,000,000 (Attachment 1). The proposed funding source for this payment is a draw of the funds available in the University Campus Reserve and the remaining draw from the General Capital Reserve.

6. Local Municipal Impact

Research undertaken by the Region in 2013 identified significant direct and indirect economic, social and community benefits that accrue to locations that host major university campuses. Benefits include new development, knowledge generation, workforce development, productivity and earning premiums, community learning, shared facility use and community branding.

7. Conclusion

The York University Markham Centre Campus will be the first university campus in York Region. The new campus supports the retention and expansion of a knowledge-based economy and an educated workforce, and is expected to have a positive impact on the overall economy of the Region.

The University is on track to begin construction by the end of 2018 and they are developing community relevant professional programs as required under the MOU.

This report seeks authorization to enter into a Funding Agreement with York University in respect of its Markham Campus.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at 1-877-464-9675 ext. 71644.

The Senior Management Group has reviewed this report.

April 25, 2018

Attachments (1)

8419563

Accessible formats or communication supports are available upon request.

The Funding Agreement shall include the following terms and conditions:

1. Provided that the Project has achieved the Construction Milestone (as defined in the MOU), the Region shall pay to the University the amount of Twenty-Five Million Dollars (\$25,000,000) payable in four (4) payments payable as follows:
 - (i) the amount of \$3,000,000 shall be due and payable no earlier than April 1, 2019, or within sixty (60) days after receipt of the Statutory Declaration, as hereinafter defined, whichever is the later;
 - (ii) the amount of \$1,000,000 shall be due and payable on the second anniversary of achieving the Construction Milestone;
 - (iii) the amount of \$1,000,000 shall be due and payable on the third anniversary of achieving the Construction Milestone; and
 - (iv) the amount of \$20,000,000 shall be due and payable on substantial performance of the Project (as determined in accordance with Ontario's *Construction Lien Act*).
2. The Region's obligation to provide the installments set forth in Section 1 will, in each instance, be dependent upon the University providing to the Region sufficient written confirmation, in a form and content acceptable to the Region, that the Project continues to progress, that the funding will be applied to the Project, and that the University is not in breach of the Funding Agreement. Such evidence may include, but not be limited to, a statutory declaration (the "**Statutory Declaration**") of a duly authorized officer of the University with knowledge of the facts therein sworn to attesting to such facts so as to fulfill the intent and effect of the MOU.
3. The Funding Agreement will contain provisions that ensure that the funding is applied to the Project, and if not so applied, there will be penalty provisions, including the obligation to repay the Region as a debt due and payable, with interest.
4. The Funding Agreement will contain provisions obligating the University to provide proof, in a form satisfactory to the Region, evidencing that the funding was applied to the Project costs.

5. The provisions set out in Sections 3, 4 and 5 of the MOU shall be incorporated into the Funding Agreement.
6. If the University decides during the first 10 years of the Project's academic curriculum to change the proposed list of professional programs for the Project in a material way, the University agrees to provide the Region reasonable advance notice of any decision in this respect.
7. The Funding Agreement will have provisions respecting personal information and confidentiality obligations under Municipal Freedom of Information and Protection of Privacy Act (Ontario) and the Freedom of Information and Protection of Privacy Act (Ontario). The obligations in respect of confidential information set out in Section 6 of the MOU shall continue to apply under the Funding Agreement, despite termination or expiration of the MOU.
8. The Funding Agreement will have provisions respecting default, opportunity to remedy, notice provisions, severability, assignment, and survival of clauses.