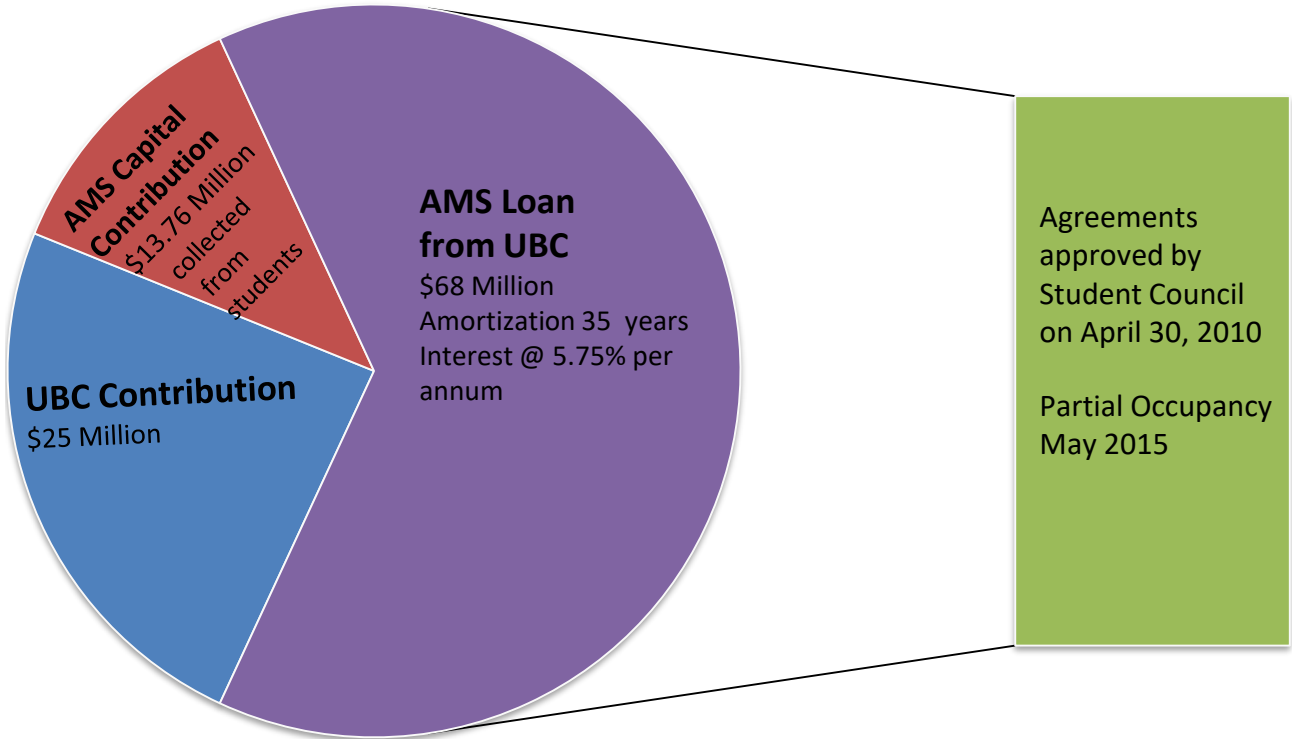




Nest Refinancing
The Way Forward

A NEW STUDENT UNION BUILDING



Current State

- 35 year loan from University of British Columbia Endowment Fund
- Fixed rate of 5.75%
- Principal of \$68,000,000
- Prepayments up to 100% allowed without penalty

Lease for Nest

- Agreement between UBC and the AMS
- 40 year term, starting in September 2015, extendable by 15 years
- Fee of \$1 for the entire term
- We pay UBC for cleaning & maintenance based on the commercial square footage (42,000 of the 250,000 total)

Lease Changes

Why are we changing?

In order to allow us to seek external financing.

Revision re Lending Current Language

“The Lessee is prohibited from mortgaging or pledging this Lease in any way, other than granting a mortgage to the Lessor to secure repayment of any loan made to the Lessee in connection with the supply of Construction Services by the Lessor to the Lessee”

Revision re Lending

Proposed Language

(a) “The Lessee is prohibited from mortgaging or pledging this Lease in any way, other than granting a mortgage to the Lessor or, with the prior written consent of the Lessor, an Approved Lender, to secure repayment of any loan made to the Lessee in connection with the supply of Construction Services by the Lessor to the Lessee.

•An “Approved Lender” means a government, chartered bank, trust company, credit union, insurance company or pension fund authorized to carry on business in British Columbia.

•The Lessee shall provide at least 90 days prior notice of the Lessee's intention to secure a loan from an Approved Lender and secure same by way of mortgage of its interest in this Lease.

•The Lessor reserves the right to stipulate such terms and conditions as the Lessor, in its discretion, considers necessary or advisable in order to give its consent under this Section.

•For greater certainty, nothing herein or in any agreements entered into or security granted in connection with a loan granted by an Approved Lender shall expressly or implicitly create any legal, equitable or moral obligation or responsibility of the Lessor to repay or in any way secure, guarantee, indemnify, or otherwise bear any responsibility whatsoever for such loan at any time, either before or after default, foreclosure or other realization proceedings. “

Why ?

- Opening up Lease to allow external financing encouraged us to address changed circumstances since Lease originally negotiated

Examples are :

- Provision of security
- University Commons access

Revision re Security

Current Language

“security services over and above the Basic Security Service provided by Campus Security”

Basic Security is defined as :

” base level of security provided by Campus Security including routine exterior patrol and response to emergency calls, but not including alarm monitoring, building interior patrol or other enhanced services

Revision re Security

Proposed Language

- (i) security services over and above the Basic Security Service provided by Campus Security, sufficient (considering the Building's configuration, operations and utilization) to ensure the safety and security of persons and property at all times and in keeping with any security service levels established by the Landlord and Lessee jointly from time to time, with reference to such expert reports as reasonably required by either or both the Landlord and Lessee. Should the Landlord determine the security services provided by the Lessee to be insufficient (as determined with reference to the security service levels established and in effect at the time, and if none are then in effect, then acting reasonably and in good faith), then Section 16.4 [Non Performance Excepted] notwithstanding, the Landlord may give notice of default as contemplated in Section 16.1(b), and, if the default results, in the Landlord's reasonable determination, in unsafe or insecure conditions during the cure period contemplated by Section 16.1(b), the Landlord may immediately provide for such security services as the Landlord acting reasonably, deems necessary until such time as the Lessee cures the default, all at the Lessee's cost,

Motion

- Be it resolved that AMS Council approve the proposed amendments to the lease for the AMS Nest between the AMS and UBC

Questions?

