

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON OCTOBER 9, 2018</b>
<b>FROM:</b>	<b>GEOFFREY P. BELCH CORPORATION COUNSEL</b>
<b>SUBJECT</b>	<b>LONDON HEALTH SCIENCES CENTRE SOUTH STREET CAMPUS DECOMMISSIONING(Phase B)</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of City Solicitor's Office, the following action be taken with respect to the City owned South Street Campus lands under lease to LHSC and LHSC owned lands:

1. The Mayor and City Clerk **BE AUTHORIZED** to execute the Lease Amending Agreement attached as Schedule "A" to "E", or in a form substantially in the form of Schedule "A" and approved by the City Solicitor's office.
2. The financing for Phase B decommissioning **BE APPROVED** in accordance with the "Sources of Financing Report" attached hereto as Schedule "F".
3. The balance of this report **BE RECEIVED** for information.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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Confidential Board of Control report dated December 10, 1997  
Confidential Board of Control report dated December 3, 1998  
Confidential Board of Control report dated June 16, 1999  
Confidential Board of Control report dated September 30, 2009  
Confidential Board of Control report dated November 4, 2009  
Confidential Board of Control report dated October 20, 2010  
Confidential Finance & Administration Committee report dated December 15, 2010  
Confidential Finance & Administration Committee report dated May 4<sup>th</sup>, 2011  
Confidential Finance & Administration Committee dated July 20<sup>th</sup>, 2011  
Confidential Finance & Administration Committee dated December 12<sup>th</sup>, 2011  
Confidential Corporate Services Report dated April 9<sup>th</sup>, 2013  
Confidential Corporate Services Report dated September 24<sup>th</sup>, 2013  
Confidential Corporate Services Report dated June 17<sup>th</sup>, 2014  
Confidential Corporate Services Report dated August 26<sup>th</sup>, 2014  
Confidential Strategic Priorities and Policy Report dated March 2<sup>nd</sup>, 2015  
Confidential Corporate Services Report dated June 2, 2015

<b>BACKGROUND</b>
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This report deals with current status of the Phase B decommissioning of the LHSC – South Street Campus. The site is bounded by South Street, Colborne Street, Hill Street and Waterloo Street. Approximately 2/3 of the site is owned by the City and remaining lands located along Waterloo Street is currently owned by LHSC.

A previous confidential report, dated June 2, 2015, advised Council of the outcome of negotiations with LHSC to permit LHSC to proceed with the decommissioning of the Phase B portion of the LHSC - South Street campus. Staff were directed to return to the Corporate Services Committee with an amending lease agreement for the project in a form acceptable to the City Solicitor's Office.

The purpose of this report is to provide secure direction for the Mayor and Clerk to sign the agreement, attached as Schedule "A", or a form of this agreement, provided it is satisfactory to the City Solicitor's office. The second purpose of this report is to update Council on the schedule and timing of LHSC South Street Phase B Demolition.

### **Issue#1: The Lease Amending Agreement between LHSC and the City**

The original 1973 lease between the City and LHSC was amended by a lease amending agreement, dated June 27, 2013. This agreement provided for the Decommissioning and demolition of buildings south of South Street as well as the purchase of certain lands owned by LHSC. This Phase of the project was completed by 2016.

Further negotiations were required to handle the second phase of the project, known as the Phase B decommissioning. Included with this work is the purchase of LHSC land, known as Building 50 and approximately 1.83 acres of land located along Waterloo Street. This building will be retained for adaptive re-use in the future along with the south portion of War Memorial Children's Hospital.

A further amendment was required to the 2013 amending lease agreement between the City and LHSC. A copy of the proposed agreement which is currently with LHSC and awaiting signature is attached as Schedule "A" to "E". The Phase B decommissioning was planned for 2017 but did not proceed. The project was re-tendered in 2018. City staff were recently advised that all necessary approvals are in place to proceed to award the tender for the South Street Hospital - Phase "B" demolition.

A meeting was held on September 11, 2018 between the LHSC and the City's Corporation Counsel to discuss the Amended Lease Agreement. Several minor amendments were made by the City and the agreement is now with LHSC for signature by the President and Board Chair. The City's Finance Division confirmed that the \$2.380 million which is the City's contribution towards the Phase B decommissioning and purchase of LHSC lands on the site is available based on approvals by Council in 2015.

### **Issue#2: Preliminary Abatement & Demolition Schedule**

According to the Preliminary Abatement & Demolition Schedule, the Phase B Demolition should take 413 days, whereby the start date is November 1, 2018 and an end date of approximately end of June 2019.

### **Conclusion**

The Civic Administration is seeking direction from Council for the Mayor and the City Clerk to execute the Amending Lease Agreement, substantially in the form attached as Schedule "A" to "E".

<b>PREPARED AND RECOMMENDED BY:</b>
<b>GEOFFREY P. BELCH CORPORATION COUNSEL, LL.B, M.B.A.</b>

### **Encls. –“A” - Amending Lease Document**

**“A1” - Description of property “392 South Street”**

**“B” - Description of property “370 South Street”**

**“C” - Drawing of lands owned by LHSC**

**“D” - Letter to the City from LHSC dated May 12, 2015**

**“E” - Letter to LHSC from the City dated June 16, 2015**

**“F” - Source of Financing**

c.c. Martin Hayward, City Manager  
John Fleming - Managing Director, Planning and City Planner  
Kelly Scherr, Managing Director Environmental & Engineering Services and City Engineer  
Barry Card - Managing Director of Legal and Corporate Services

# SCHEDULE " A "

This Lease Amending Agreement made as of      day of September, 2018

B E T W E E N:

**THE CORPORATION OF THE CITY OF LONDON ("City")**

and

**LONDON HEALTH SCIENCES CENTRE ("LHSC")**

**AND WHEREAS** the City has agreed to purchase certain lands north of South Street and along Waterloo Street, described in the Schedule "A" annexed hereto owned by LHSC (the "LHSC Lands");

**WHEREAS** the City is the registered owner of the lands described in the Schedule "B" (the "City Lands") upon which there is situate a number of remaining hospital buildings comprising London Health Sciences Centre, including the War Memorial Children's Hospital, a former Nurse's Residence, a former Day Care Centre and other related and ancillary buildings;

**AND WHEREAS** the City leased the City Lands and other land under a 99 year lease, dated December 18, 1973, to the Victoria Hospital Corporation (the "1973 Lease") which was amended by agreement dated June 27, 2013;

**AND WHEREAS** "LHSC" is the successor in law to the Victoria Hospital Corporation and is an Ontario Corporation that came into existence on October 6, 1995;

**AND WHEREAS** LHSC carried out the decommissioning and demolition of the of a number of hospital buildings on the south side of South Street in 2014 and has returned those lands to the City;

**AND WHEREAS** LHSC has agreed to undertake the decommissioning and demolition of the balance of the site north of South Street and bounded by Waterloo, Hill and Colborne Streets, including removal of hazardous materials and building demolition commencing in 2017 and to return the City Lands which are subject to the 1973 Lease to the City in a condition suitable for redevelopment;

**AND WHEREAS** the City and the LHSC have agreed to amend the 1973 Lease, as amended on June 27, 2013, in accordance with the terms and conditions hereinafter set forth;

**NOW THEREFORE** for good and valuable consideration and the sum of FIVE (\$5.00) DOLLARS of lawful money of Canada now paid by the City to LHSC, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

## **ARTICLE 1 – DEFINITIONS**

In this Lease Amending Agreement the following terms shall have the meaning ascribed to them:

- (a) "Buildings" means all buildings, tunnels, foundations, improvements, works, fixtures (including any chattel which may be considered a fixture), leasehold improvements presently situate in and upon the City Lands or that may at any time hereafter during the term of this amended lease be constructed in and upon or brought upon the said lands or any part or parts thereof.
- (b) "City Lands" means the land at 370 South Street bounded by South Street, Colborne Street and Hill Street and owned by the City as more particularly described on the Schedule "A" annexed hereto.
- (c) "Decommissioning" means all activities relating to the closing of the remaining South Street hospital campus, including vacating the property and removal of designated substances including asbestos containing materials and other hazardous substances.
- (d) "Demolition" means the cutting and capping of utilities, the removal of all buildings, tunnels, foundations, subgrade structures, paved surfaces, improvements, works, fixtures (including any

chattels which may be considered a fixture), hospital infrastructure, leasehold improvements and equipment presently situate in and upon the City Lands and LHSC Lands and under the road allowances abutting the City Lands.

- (e) "Designated Substances" or "hazardous materials" means asbestos containing materials, lead containing materials, mercury containing materials, silica materials, PCB's, ethylene oxide, mould, radioactive materials, and perchloric acid.
- (f) "Environmental laws" means applicable environmental laws for the Province of Ontario;
- (g) "LDE" means Veresen Energy Infrastructure Inc., cob as London District Energy which supplies steam heat to the buildings on the Phase B Lands;
- (h) "LHSC Lands" means the land at 392 South Street owned by LHSC which form part of the South Street campus bounded by South Street, Waterloo Street and Hill Street and as more particularly described on the Schedule "A" annexed hereto;
- (i) "Phase B Lands" shall include Buildings 51, 52, 53, 55 (City Lands) and 50, 56 and 57 (LHSC Lands) and shall mean the lands as more particularly shown on the diagram attached as Schedule "C" hereto;

## **ARTICLE 2 – LEASE, TERM AND RENT**

### **2.01 Continuation of 1973 Lease, as amended**

Except as amended hereby, the 1973 Lease between the parties, as amended on June 27, 2013, shall remain in full force and effect until the Decommissioning of the Phase B Lands is complete, at which time the 1973 Lease, as amended, shall cease to have any legal force or effect.

Effective as of October 1, 2018, the existing amended Lease is further amended as follows:

### **2.02 Lease of City owned portion of the Phase B Lands**

Until July 31, 2019, or such date as the parties may agree in writing that the Decommissioning and Demolition of the Phase B Lands shall be complete, LHSC shall continue to lease the City Lands, which form part of the Phase B Lands, from the City.

On August 1, 2019, or such date as the parties may agree in writing that the Decommissioning and Demolition of the Phase B Lands shall be complete, LHSC shall surrender and give up to the City vacant possession of City Lands, and the 1973 Lease, as amended, shall cease to apply to such lands and they shall revert to the City.

### **2.03 Rent**

LHSC has previously paid to the City the sum of NINETY-NINE DOLLARS (\$99.00) representing prepaid rent for the original term of the 1973 Lease. The City and LHSC agree that the foregoing sum represents payment in full of any rent due for the term of the 1973 Lease as amended by this Agreement without increase or reimbursement.

## **ARTICLE 3 – DEMOLITION OF BALANCE OF THE SOUTH STREET CAMPUS**

### **3.01 Removal of Phase B Buildings and Structures:**

Notwithstanding any provision in the 1973 Lease, the City and LHSC continue to agree that there shall be a phased Decommissioning and Demolition of the Phase B Lands by LHSC, including removal of hazardous substances and demolition of all remaining buildings and structures, except as provided herein at paragraph 3.02, and removal of all chattels by LHSC, which are and shall continue to be the absolute and separate property of LHSC and for the purpose of giving full effect to the provisions hereof the City does hereby release and transfer the buildings unto the LHSC absolutely.

The parties continue to acknowledge that the obligations of LHSC to fund the Decommissioning and Demolition of the City Lands are predicated on the agreement of the Ministry of Health and Long-

Term Care to provide the necessary funding which has been based upon estimates of such costs. In the event that the tender process results in a material increase in the costs of Decommissioning and Demolition over the estimates for which the Ministry funding is based, the parties agree to reassess the scope of the Demolition work for which LHSC is responsible.

### 3.02 Buildings and Structures to be retained following Phase B Decommissioning

Notwithstanding paragraph 3.01, the 1922 wing of War Memorial Children's Hospital facing South Street, "WMCH – South Portion of Building 52", and the "Health Service Building - Building 50", shall remain intact on the site during the Phase B Decommissioning and Demolition and be retained by the City, subject to the City purchasing the Health Services Building and land from LHSC, following the completion of the demolition contract. The City's intention is to preserve these two buildings on the Site following the Phase B Lands Demolition.

### 3.03 Demolition of Phase B Buildings and Structures

Subject to paragraph 3.02 LHSC will undertake the phased Demolition of Phase B Lands for Site.

The parties agree that a letter from LHSC, dated May 12, 2015, attached as Schedule "D", and the City's responding letter dated June 16, 2015, attached as Schedule "E", set out the parties' joint intention regarding the City's share of funding of the Phase B Lands of the Decommissioning and Demolition and the agreed purchase price of the Health Sciences Building and LHSC lands.

A tender document posted in early 2018 to Bidingo, HMMS02485B, on behalf of LHSC in respect of Phase B Lands has been circulated to and the subject of comment by the City. In the event that the foregoing tender document is revised and re-issued, the parties agree that a draft copy will be provided to the City for comment. The parties agree that the tender document, as revised, provides the detailed specifications for the Phase B Site. The parties agree that LHSC shall have full authority to proceed with the Decommissioning and Demolition project in 2018 to issue and manage the tender award generally in accordance with the tender document, which is subject to MOH review, comment and approval.

3.04 The parties agree that the overall goal of Phase B Lands Decommissioning and Demolition is that all remaining hospital infrastructure, The Nurse's Residence (Buildings 51 and 55), the northerly portion of the War Memorial Children's Hospital Building (1945 addition to Building 52), Old Thames Valley Children's Centre (Building 53), Education Centre (Building 55), Hospital Library (Building 56) and Vivarium Services (Building 57) shall be removed and the Phase "B" Lands portion of the South Street Campus property be returned or sold to the City in a condition reasonably suitable for development with all building, structures, tunnels and foundations broken up and removed for off-site disposal, subject to the contractor's option to crush and reused suitable aggregate building material for backfilling consistent with MOECC policy of beneficial reuse of reusable aggregates.

3.05 A secondary goal of Phase B Lands of the Decommissioning and Demolition is that the WWCH (south portion of Building 52) and Health Services Building (Building 50), shall be retained and returned and/or purchased by the City in a condition reasonably suitable to be renovated, restored or reused.

3.06 The City will purchase the Health Services Building (Building 50) and the LHSC Lands after the removal of hazardous substances provided the general contractor has fully completed the Decommissioning and Demolition contract that applies to Building 50, as noted in Schedule "D".

3.07 The parties agree that hazardous materials, asbestos containing materials, Designated Substances and all chattels shall be removed from the WMCH (south portion of Building 52) and the Health Service Building (Building 50) as part of the demolition contract during Phase B Lands Decommissioning.

3.08 LHSC has agreed to selectively demolish the elevator shaft serving the 1945 addition to Building 52 and construct an engineered wall to close the opening off from the elements at a point between WMCH (south portion of Building 52) and the adjacent 1945 addition to Building 52 once it is demolished.

3.09 LHSC further agrees to pay the full cost of closing such other openings as exist between the retained buildings, Building 50 and Building 52, and the Nurse's Residence, (Building 51).

3.10 LHSC will arrange for appropriate oversight of protecting the foundations of the adjacent

retained buildings during the demolition and removal of the Nurse's Residence and the associated foundations and interconnecting tunnels.

3.11 The parties agree that following the removal of hazardous materials and the completion of the demolition contract, the cost of maintaining and preserving the WMCH (south portion of Building 52) and the Health Services Building (Building 50), including security, supply of water, heat and electricity shall rest solely with the City.

3.12 Schedule for Decommissioning and Demolition of Phase B Lands

LHSC shall tender the Demolition and demolish buildings and all fixtures and other contents upon the said lands as follows:

- (a) Subject to paragraph 3.02, all Buildings located on the Phase B Lands shall be abated and demolished to grade and removed by LHSC and all below grade structures (foundations) will be removed on or before July 31, 2019;
- (b) All hazardous substances, including radioactive materials(if any), biomedical waste, X-Ray Equipment, hot lab, medical lab, asbestos containing materials and designated substances, shall be removed for off-site disposal from all buildings located on Phase B Lands, as part of the Decommissioning and Demolition of buildings on the Phase B Lands;
- (c) Subject to 3.02, the Buildings located on Phase B Lands owned by the LHSC, other than the Health Services Building (Building 50), shall be demolished as part of the foregoing tender issued by LHSC in 2018 and 2019;
- (d) All subsurface utilities will be decommissioned and removed from the Site; and
- (e) The Site will be backfilled and graded to promote positive drainage and hydro-seeded.

3.13 LHSC or its general demolition contractor may subcontract all or part of the design and Decommissioning and Demolition. Notwithstanding any such subcontracting, LHSC and its general demolition contractor shall remain responsible for compliance by its contractors or sub-contractors in accordance with this Agreement.

**ARTICLE 4 – PAYMENT OF DECOMMISSIONING EXPENDITURES**

4.01 LHSC shall enter into a contract with a pre-qualified demolition contractor following tender for Phase B Lands of the Decommissioning and Demolition using LHSC's policies for the tender and purchase of demolition services.

4.02 Subject to the terms of this Agreement, LHSC shall pay the general contractor and all related expenses to carry out the Decommissioning and Demolition of the Phase B Lands. London shall provide partial reimbursement for these expenses, as noted in paragraph 4.03.

4.03 The Decommissioning and Demolition project shall be funded as follows:

Phase B Lands Decommissioning and Demolition

Notwithstanding Article 4.03(a)(ii) of the Lease Amending Agreement, dated July 27, 2013, the City shall contribute the balance of its commitment, in the total amount of \$2,380,000, toward the Phase B Lands Demolition and Decommissioning, including the cost to purchase the LHSC Lands (Building 50), as follows:

- (a) The amount of \$1,700,000 shall be paid in monthly installments based on the progress of the demolition work as certified by the engineering consultant retained by LHSC to act as the contract administrator for the purpose of the demolition contract.
- (b) The balance in the amount of \$680,000 shall be paid on purchase of the Health Services Building (Building 50) and associated land by the City and such amount shall be included in the overall City funding of Phase B Lands Decommissioning project.

Notwithstanding any provision in the 1973 Lease, LHSC agrees to contribute the balance of the cost required for Decommissioning and Demolition of the City Lands subject to

paragraph 3.01, including the removal of existing buildings, contents, debris and concrete foundation and return the City Lands to clean, level graded and seeded condition.

#### Payment by the City to LHSC for Eligible Expenditures

4.04 Eligible expenditures are those expenditures for Phase B Lands Decommissioning and Demolition work for the City Lands making up the South Street campus". Eligible Expenditures must be incurred between October 1, 2018 and July 31, 2019, or such other dates as the parties may agree in writing.

4.05 Subject to the terms of this Agreement, the City shall reimburse LHSC for Eligible Expenditures incurred for the Decommissioning and Demolition project.

4.06 All Eligible Expenditures must be incurred using LHSC's tendering and demolition policies for the purchase of materials and services.

4.07 LHSC shall invoice the City for Eligible Expenditures incurred during the immediately preceding month, together with supporting documentation including contractor's or suppliers' invoices to LHSC.

4.08 The parties may, by agreement in writing, change the time frame for reporting and paying Eligible Expenditures.

4.09 The City, and such third parties as the City shall designate, shall have access on reasonable notice to the City Lands during the Decommissioning and Demolition. Access shall at all times be subject to operational requirements of LHSC and its contractors and sub-contractors, including such safety and security precautions as LHSC or its contractors or sub-contractors, acting reasonably, shall deem appropriate

#### **ARTICLE 5 – UTILITIES AND HEATING**

5.01 LHSC shall also be responsible to arrange for and pay the cost to terminate the existing gas, hydro, water, telecom, LDE steam heat, storm and sanitary sewer lines serving the buildings on the Phase B Lands to a point that complies with the best practices of each utility provider to afford a future purchaser of the Phase B Lands a convenient connection point.

#### **ARTICLE 6 – THE CITY'S PURCHASE OF LHSC LANDS**

##### 6.01 Purchase of Land owned by LHSC

As noted in Section 4.03(b), in consideration of the covenants contained herein, LHSC agrees to sell and the City agrees to purchase Building 50 and the associated land owned by LHSC located on Waterloo Street, between South Street and Hill Street having an area of 1.83 acres at a total purchase price \$680,000, payable at the conclusion of the Phase B Lands Decommission of Building 50 and any Demolition of the remaining buildings on the LHSC lands. Contemporaneous with the execution of this Agreement the parties agree to enter into the City's standard Agreement of Purchase of Sale and to complete the transaction on the basis of such agreement.

#### **ARTICLE 7 – DISPUTE RESOLUTION**

7.01 In the event of controversy or dispute between the Parties arising out of or in connection with this Agreement or regarding the interpretation of the provisions thereof, the Party alleging a controversy or dispute (the "Disputing Party") must notify the other Party (the "Recipient Party") in writing of such dispute or controversy ("Dispute Notice") and specify the particulars of such dispute or controversy in the Dispute Notice.

7.02 Upon receipt of a Dispute Notice by the Recipient Party, the Recipient Party and the Disputing Party must mutually consult in good faith in an attempt to settle amicably and in the spirit of cooperation any such controversy or dispute.

7.03 If, on the date which is fourteen (14) days after the Recipient Party's receipt of the Dispute Notice, the Disputing Party and the Recipient Party have not amicably settled the matter(s) set out in the Dispute Notice then the matter (s) shall be referred to a single arbitrator whose decision shall be final and binding. If the Parties cannot agree on the arbitrator, either party may apply under Section 10 of the Ontario Arbitrations Act for the Superior Court of Justice to select an Arbitrator.



**ARTICLE 8 – GENERAL**

8.01 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and of Canada applicable thereto.

8.02 Each Party must at all times be in compliance with all federal, provincial, territorial, municipal and other applicable laws, regulations, by-laws, rules, decrees and ordinances governing the parties and the Project, including without limitation, environmental legislation and any mitigation measures imposed by the Minister.

8.03 The parties acknowledge that the provisions of this Agreement are intended to comply with the parties' obligations under the letters of understanding marked as Schedules "D" and "E" and that they will conduct themselves in good faith to give effect to that intention.

8.04 This Agreement and the 1973 Lease, as amended by Agreement dated June 27, 2013, constitutes the entire and sole Agreement between the Parties with respect to the issues and items covered by this Agreement, and supersedes all previous negotiations, communications and other agreements, whether written or oral, relating to it, unless they are incorporated by reference in this Agreement. There are no terms, covenants, representations, statements or conditions binding on the Parties with respect to said issues and items other than those contained in this Agreement.

8.05 The Parties acknowledge that LHSC is subject to the *Freedom of Information and Protection of Privacy Act* (Ontario) and the City is subject to the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario) and the Parties agree to cooperate with one another from time to time with respect to compliance with the statues and any regulations passed thereunder.

8.06 This Agreement shall enure to the benefit of and binding upon the parties hereto, the successors and assigns of the City and the permitted successors and permitted assigns of LHSC.

8.07 This Agreement and any other writing delivered in connection herewith may be executed in any number of counterparts and any Party may execute any counterpart, each of which when executed and delivered will be deemed to be an original and all of such counterparts of this Agreement or such other writing taken together will be deemed to be on and the same instruction.

8.08 This Agreement shall be read together with the 1973 Lease, as amended by Agreement dated June 27, 2013, and the parties confirm that, except as modified herein, all the covenants and conditions in the 1973 Lease remain unchanged, unmodified and in full force and effect.

8.09 No amendment or waiver of any provision of this Agreement or the 1973 Lease, as amended by Agreement dated June 27, 2013, shall be valid or binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement or the 1973 Lease, as amended by Agreement dated June 27, 2013, shall constitute a waiver of any other provision hereof or thereof, nor shall any waiver of any provision of this Agreement or the 1973 Lease, as amended by Agreement dated June 27, 2013, constitute a continuing waiver unless otherwise expressly provided.

THE CORPORATION OF THE CITY OF LONDON

Per: \_\_\_\_\_  
Mayor

Per: \_\_\_\_\_  
City Clerk

LONDON HEALTH SCIENCES CENTRE

Per: \_\_\_\_\_  
President/CEO

Per: \_\_\_\_\_  
Board Chair or alternate

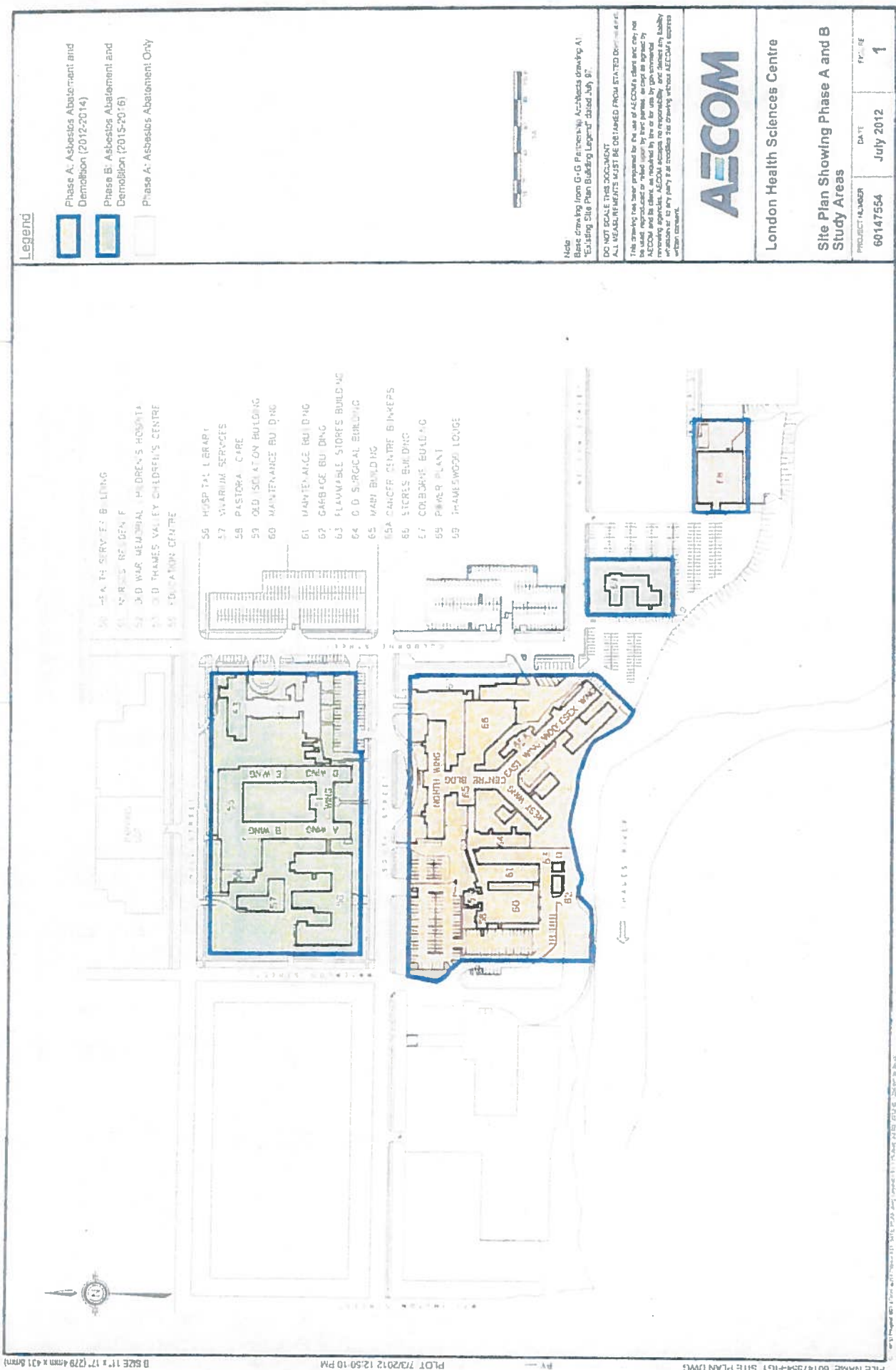
SCHEDULE "A"

SCHEDULE " A1 "

<u>Municipal Address</u>	392 South Street, London, Ontario
<u>Location</u>	Fronting on South and Hill Streets
<u>Measurement</u>	1.83 acres
<u>Legal Description</u>	Part of Lots 7 and 8 South side of Hill Street East on Crown Plan 30, and Part of Lots 7 and 8 North side of South Street East on Crown Plan 30, and Lots 21, 22, 23, 24, 25, 36, 37, 38, 39 and 40 on Registered Plan 172 (E) in the City of London and County of Middlesex designated as Part 2 on Plan 33R-17942 being all of PIN 08329-0196.

## SCHEDULE "B"

<u>Municipal Address</u>	370 South Street, London, Ontario
<u>Location</u>	Fronting on South and Hill Streets
<u>Measurement</u>	3.22 acres
<u>Legal Description</u>	All of Lot 6 and Part of Lots 7 and 8, South side of Hill Street East (Crown Plan 30), All of Lot 6 and Part of Lots 7 and 8, North Side of South Street East (Crown Plan 30), designated as Part 1 on Plan 33R-17942, City of London, County of Middlesex, being all of PIN 08329-0197.



Note  
 Base drawing from G+G Partners/Architects drawing A1  
 "Existing Site Plan Building Legend" dated July 07.  
 DO NOT SCALE THIS DOCUMENT  
 ALL DIMENSIONS MUST BE OBTAINED FROM EXISTING DOCUMENTS  
 This drawing has been prepared for the use of AECOM's client and may not be used, reproduced or relied upon by any person, except as agreed by AECOM and its client. AECOM shall not be liable for any errors, omissions, or inaccuracies in this drawing, whether or not such errors, omissions, or inaccuracies are caused by AECOM's negligence or the negligence of any party. It is the responsibility of the client to verify the accuracy of the information provided in this drawing without AECOM's consent.



London Health Sciences Centre  
 Site Plan Showing Phase A and B Study Areas

PROJECT NUMBER	DATE	FILE
60147554	July 2012	1



May 12, 2015

Geoffrey P. Belch  
Corporation Counsel  
The City of London  
City Solicitor's Office Room 1014

Dear Geoffrey

In reply to your letter from March 24, 2015, I am pleased to inform you that LHSC leaders have reviewed your requests, and we are prepared to move forward with plans to demolish and retain buildings at the South Street Hospital as follows:

- Colborne Building, to be retained
- War Memorial Children's Hospital, 1922 portion to be abated and retained
- War Memorial Children's Hospital, 1945 and later portions to be demolished
- Health Services Building (HSB) to be abated and retained
- Nurse's Residence to be demolished

LHSC is willing to proceed with negotiations for the Phase B demolitions with the same spirit and methodology as principles used for the Phase A demolition in 2013. The major difference from 2013 to now is the appraised value of the South Street lands; in 2013, they were valued at \$250,000 per acre; today it is valued at \$373,000 per acre. This valuation is the average result of three independent land appraisals requested by Ministry of Health in late 2014. We are awaiting response and approval of these appraisals from the Ministry.

The adjustment of the land value and the City's decision to retain the HSB and the earlier portions of the Children's Hospital have required an amendment to the agreement made on June 27, 2013 between LHSC and the City of London.

As per Phase A demolition principles, the City of London contribution to the costs has been calculated as follows, using an appraised land value of \$373,000 per acre:


Item	Acreage	Cost
Cost to acquire HSB and Children's Hospital, based on land value only	3.23 acres	\$1.2 million
Heritage costs for retention and re-use of HSB and Children's Hospital		\$500,000
Sale of LHSC owned land	1.83 acres	\$680,000
<b>Total City of London contribution</b>		<b>\$2.3 million</b>

The heritage costs actually total between \$1.2 million and \$1.5 million. LHSC is requesting the City of London offset only a portion of these costs. The decision to retain the HSB and Children's Hospital has implications for abatement, re-routing of steam lines, utility costs and foundation protection during the demolition of the Nurse's Residence.

The above approach is in keeping with the spirit of the Phase A negotiations that provides fair value to both LHSC and the City of London for the demolition of the main South Street Campus Hospital. It helps both parties achieve the ultimate goal of returning lands to the City of London to help meet their obligations for retention, abatement, future use and development. LHSC achieves its goal of consolidating services at Victoria and University Campuses to provide better, efficient services for the community at large and finalize the redevelopment and restructuring work that began in 1997.

We also have agreed that control and responsibility of the Health Services Building and remaining Children's Hospital building will be turned over to the City of London as soon as abatement is completed, while demolition of the other buildings may still be ongoing. Please reply with confirmation of these understandings. We request you review these items with Council and respond to us by the week of May 22, 2015.

Best Regards,



Dipesh Patel  
Vice President, Facilities Management  
London Health Sciences Centre

cc. Susan Nickle, Director, Legal Services and Risk  
Shawn Gihuly, Vice President, Financial Services  
Derek Lall, Director, Facilities Management



300 Dufferin Avenue  
P.O. Box 5035  
London, ON  
N6A 4L9

**London**  
CANADA

June 16<sup>th</sup>, 2015

Dipesh Patel  
Vice President  
Facilities Management  
London Health Sciences Centre  
Room F2-107 M.U. Building  
800 Commissioners Road East, P.O. Box 5010  
London ON N6A 5W9

*By E-mail*

Dear Dipesh

**RE: LHSC – South Street Decommissioning**

I am replying to your letter of May 12<sup>th</sup>, 2015.

I confirm that the City agrees to increase its contribution to \$2.3 Million to accomplish Phase B decommissioning.

In exchange for the foregoing amount, the City will purchase the LHSC owned land identified in your letter as the "HSB" property at 370 South Street, after hazardous substances have been abated from Building 50. Building 57 would be removed as part of the Phase B decommissioning.

Secondly, the City's contribution includes an amount capped at \$500,000.00 representing heritage costs for retention or reuse of the HSB and the 1922 wing of the War Memorial Children's Hospital. We understand this cost will include re-routing of steam lines so that both buildings can be heated using LDE supplied steam after the decommissioning is complete. It will also include the cost to maintain heat in these buildings through the abatement of hazardous substances in the buildings. This amount will include the cost to close the buildings once they are separated from other buildings to be demolished and will include additional consultant costs to carry out this work. Finally, as noted in your letter consideration will be given to foundation protection during the demolition of the Nurses Residence.

Finally, we note that the foregoing amount includes a contribution of \$1,200,000.00 towards the Phase B decommissioning. We are assuming at this point that this would be on a similar basis as occurred in Phase A.

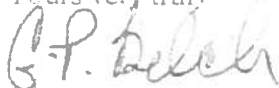
Council have asked that I draft a short agreement amending the existing lease amending agreement made June 27<sup>th</sup>, 2013 to reflect these changes to the existing Amending Agreement. I will prepare

this for the review by you and your legal team. It would be of assistance if you would arrange a meeting this summer with Tim Dickson so that details of the work can be incorporated in Terms of Reference for Phase B, as occurred for Phase A.

Our planning staff has asked to arrange to go through the buildings to document the heritage and other features of interest. We are asking that if any items of particular interest are identified that the City be allowed to salvage and preserve such items at City expense.

If you have any questions, please do not hesitate to contact me.

Yours very truly



Geoffrey P. Belch  
Corporation Counsel  
GPB/bc



**SCHEDULE "F"  
SOURCE OF FINANCING**

Approval to Establish a Budget

#15095  
May 25, 2015  
(Establish Budget)

**RE: South Street Campus Lands Redevelopment  
Decommissioning of South Street Campus Lands - Phase B  
London Health Sciences - \$2,380,000  
New Capital Budget Project No. GG1730PHB**

**FINANCE DEPARTMENT REPORT ON THE SOURCES OF FINANCING:**

Finance Department confirms that the total cost of this project cannot be accommodated within the financing available for it in the Capital Works Budget and that, subject to the adoption of the recommendations of the Corporation Counsel, the detailed source of financing for this project is:

<u>ESTIMATED EXPENDITURES</u>	<u>Approved Budget</u>	<u>This Submission</u>	<u>Revised Budget</u>
Demolition - Phase B South Street Campus 1) 2)	\$0	\$1,200,000	\$1,200,000
Purchase - Old Medical School 1) 3)	\$0	\$680,000	\$680,000
Abatement - War Memorial Children's Hospital 1) 4)	\$0	\$500,000	\$500,000
<b>NET ESTIMATED EXPENDITURES</b>	<b><u>\$0</u></b>	<b><u>\$2,380,000</u></b>	<b><u>\$2,380,000</u></b>
<b><u>SOURCE OF FINANCING</u></b>			
Drawdown from Economic Development Reserve Fund 5)	\$0	\$2,380,000	\$2,380,000
<b>TOTAL FINANCING</b>	<b><u>\$0</u></b>	<b><u>\$2,380,000</u></b>	<b><u>\$2,380,000</u></b>

- 1) Decommissioning of the South Street Campus Lands - Phase B will take place in 2016 and 2017.
- 2) Includes demolition of all of the Phase B South Street campus buildings 50, 51, 52 (1945 addition only), 53, 55, 56 and 57 on the site bounded by Waterloo Street, Hill Street, Colborne Street, and South Street, noting that the Phase B decommissioning will exclude the 1922 South Wing of the War Memorial Children's Hospital (Building 1) and the Old Medical School property, (Building 50).
- 3) Includes the purchase of the Old Medical School property (Building 50) being approximately 1.83 acres in an "as is" condition, save and except LHSC will carry out a full abatement of designated substances including asbestos.
- 4) Includes full abatement by LHSC of designated substances including asbestos with respect to the 1922 South Wing of the War Memorial Children's Hospital (Building 52), it being noted that the 1945 North Wing will be demolished. Following abatement, the properties will be turned over to the City for sale and re-use as heritage buildings.
- 5) This project is to be financed temporarily from the Economic Development Reserve Fund on the understanding that this reserve fund will be fully repaid. It is anticipated that the sale of the South Street Campus lands will cover the cost for demolition, purchase and abatement funded through this temporary financing. The projected balance in the Economic Development Reserve Fund at the end of 2016 after this drawdown is \$13.5 million.

ad

  
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 Larry Palarchio  
 Director, Financial Planning & Policy