
CENTENNIAL COLLEGE RESIDENCE and CULINARY ARTS CENTRE

**To be presented to the P3 Higher Education Summit
September 2018**

Existing Residence



Residence and Culinary Arts Centre (CRCA)



Interior Courtyard



Construction in progress



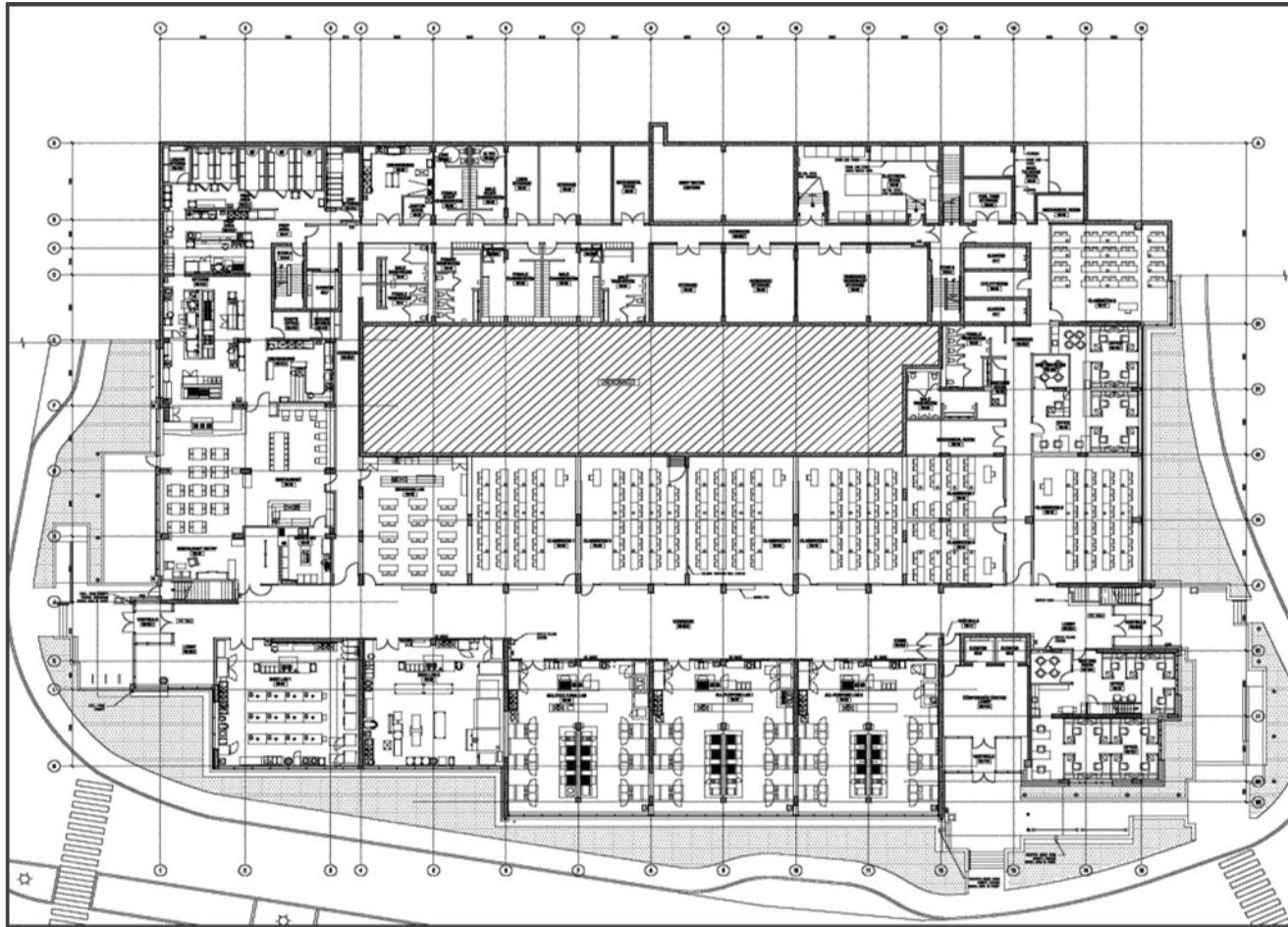
Dimensions

- **Overall size:** 353,500 sq. ft.
- **Residence:** 230,300 sq. ft.
742 beds
- **Academic space:** 79,000 sq. ft.
Incremental Enrolment:
 - Fall Semester: 564
 - Total Three Semesters: 1038
- **Conference & Banquet facility:** 37,900 sq. ft.
Max Capacity: 614 people
- **Mechanical space:** 6,300 sq. ft.

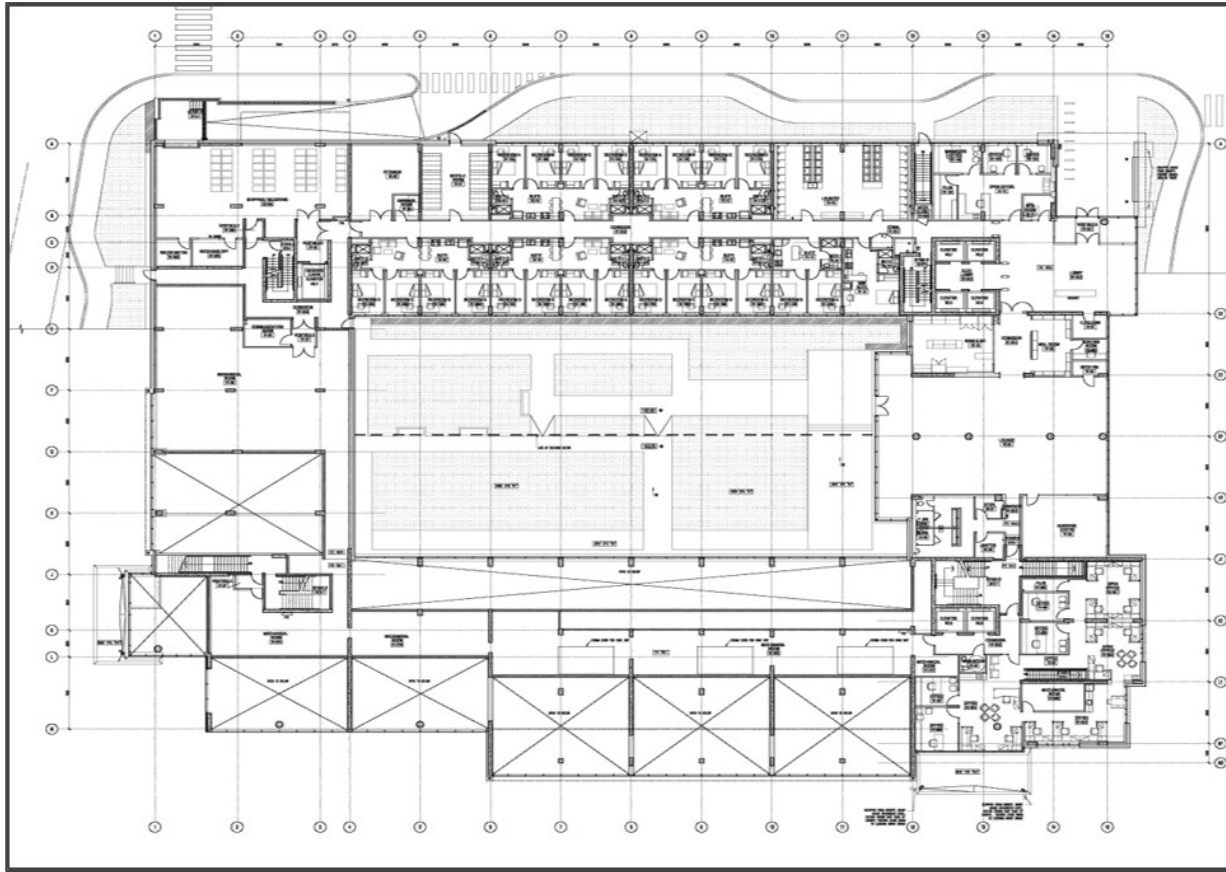
Culinary Arts Labs and Classrooms



Culinary Arts Labs and Classrooms



Ground Floor Residence Operations



Student Lounge



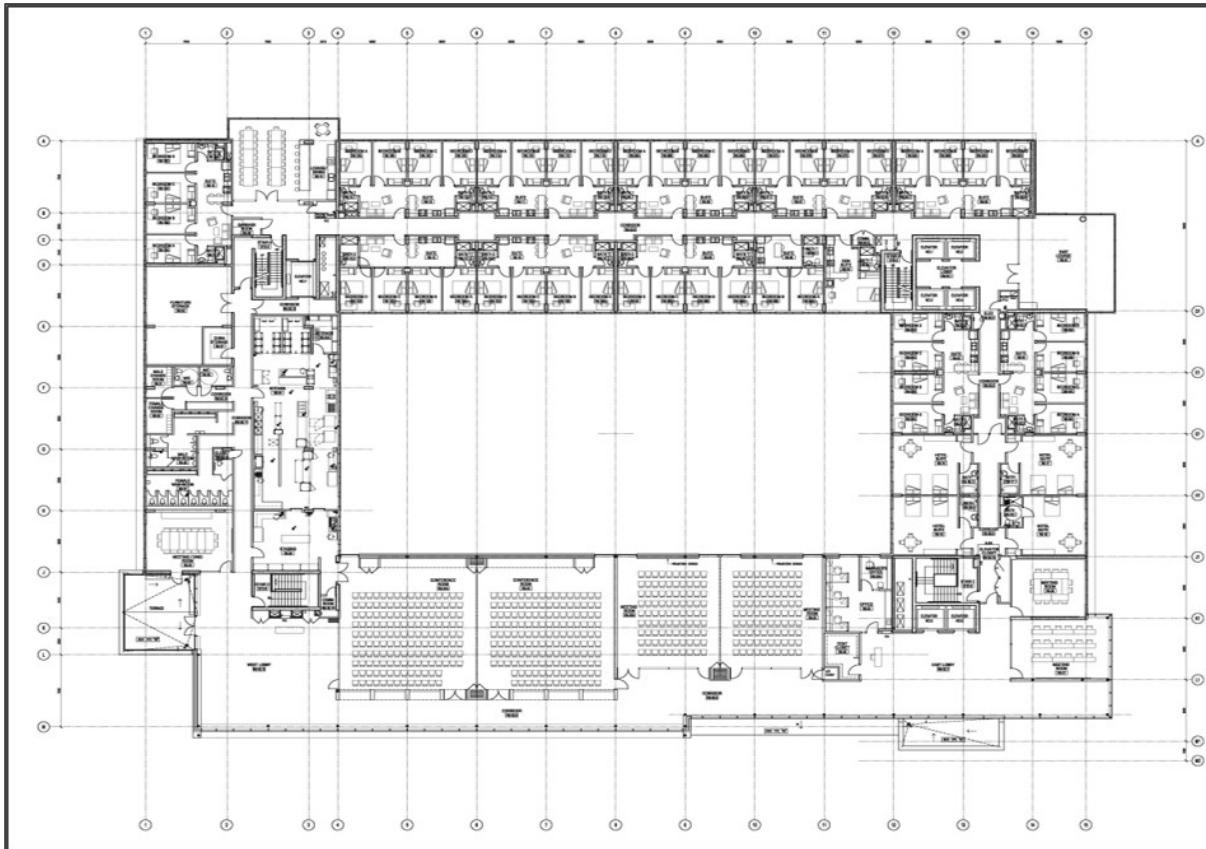
Residence Floor Plan – Floors 2 – 7



Conference and Banquet Facility



Conference and Banquet Facility



Process and Timelines

- | | |
|--|---------------------|
| • Market demand study conducted by Scion | March 2013 |
| • Request for Pre-qualification issued | May 2013 |
| • Request for Proposal issued/closed | August/October 2013 |
| • Board of Governors approval | December 2013 |
| • Building design finalized | October 2014 |
| • Ground breaking ceremony | October 2014 |
| • Building Permit issued | December 2014 |
| • Ministry Section 28 approval | February 2015 |
| • Topping off ceremony | September 2015 |
| • Substantial completion and occupancy | Summer 2016 |

Legal Agreements

Required legal agreements include:

- Ground lease
- Sublease of the non-student residence portion of the facility
- Transition agreement
- Service level/operating agreement for new residence
- Centennial services agreement

Financing

| Financing - Centennial College Residence and Culinary Arts Centre | | | |
|--|----|---|-------------------|
| | | Annual Lease Cost based on Developer's Return of 8.5% | |
| Building Capital Cost | \$ | 85,000,000 | |
| College portion for Academic & Conference space (116,900 sq. ft.) | | 26,000,000 | \$ 2,100,000 |
| Less: College contribution | | (6,500,000) | |
| Net Capital Cost (College portion) | \$ | 19,500,000 | 1,575,000 |
| Net Annual Lease Savings | | | \$ 525,000 |
| Endowment Fund invested | \$ | 6,500,000 | |
| Current ROI @ 1% | | 65,000 | |
| Projected ROI @ 5% | | 325,000 | |
| Incremental return to the Endowment Fund | | 260,000 | (260,000) |
| Net Upside to the College | | | \$ 265,000 |

Financing

- 49 year ground lease granted to Knightstone Capital Management (K-Cap) in exchange for construction, financing, management and program operation of the CRCA
- 116,900 sq. ft. for academic space, offices, and conference & banquet facilities - \$26.0 million budget
- Lease financing for College's portion of the facility provided by K-Cap
- College negotiated option to contribute up to \$6.5 million to construct its portion
- College invested its internally restricted international education endowment fund into the project with a 5% internally established rate of return to the fund
- Benefits to the College:
 - (i) Effectively increased return on endowment fund investment from 1.0% to 5.0%
 - (ii) The increase in return to the Endowment Fund will provide a substantial increase in the number of student scholarships
 - (iii) Reduced the College's cost of debt from 8.5% to 5.0% on the \$26.0 million cost, resulting in significantly reduced annual lease costs
- No Student Residency Occupancy Guarantee

Financial Disclosure

As at March 31, 2018, the following was disclosed in Centennial's financial statement with respect to this arrangement:

| | |
|----------------|------------------|
| Asset | |
| Net Book Value | \$81.906 million |

| | |
|---------------------|------------------|
| Liability | |
| Deferred revenue | \$56.970 million |
| Financial liability | \$19.207 million |

- The full value of the building will be recorded as an asset on the College's books, offset by a deferred revenue representing the college granting the partner the right to provide residence services to students of the college. The financial liability represents the subleased premises for which the College is required to make annual rent payments.
- PSAB itself is silent on this type of arrangement and, as such, our auditors looked to other standards for direction. This deal is very clearly contemplated in the IPSAS 32 standard - An international accounting standard for the public sector dealing with this type of Service concession agreement.

Enrolment and Occupancy Rates

| School of Hospitality Tourism and Culinary Arts | | | | | | | |
|--|---------------------------|--|-------------|---------|---------|---------|--------------------|
| | Base Enrolment 2015-16 | | Incremental | | | | |
| | | | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 to 2031 |
| Budgeted Total Enrolment - Fall Semester | | | 126 | 256 | 441 | 564 | 564 |
| Budgeted Total Enrolment - Three Semesters | | | 316 | 568 | 810 | 1038 | 1038 |
| | | | | | | | At Capacity |
| Actual Total Enrolment - Fall Semester - Incremental | 859 | | 77 | 637 | 1202 | 1202 | 1202 |
| Actual Total Enrolment -Three Semesters - Incremental | 2042 | | 265 | 2068 | 3733 | 3733 | 3733 |
| Three Semester Base | 2042 | | 2042 | 2042 | 2042 | 2042 | 2042 |
| Three Semester Total | 2042 | | 2307 | 4110 | 5775 | 5775 | 5775 |
| | | | | | | | |
| Occupancy | | | 67% | 94% | 100% | 100% | 100% |

Contribution

| Centennial College Residence and Culinary Arts Centre | | | | |
|--|---|---|---|---------------------------|
| | FY ended March 2016 Actual | FY ended March 2017 Actual | FY ended March 2018 Actual | FY 2019 Budget |
| School Contribution | \$3,167,479 | \$4,562,549 | \$9,723,864 | \$14,426,759 |
| Land Lease Income | \$0 | \$1,000,000 | \$200,000 | \$200,000 |
| Sub-total | \$3,167,479 | \$5,562,549 | \$9,923,864 | \$14,626,759 |
| less Annual Lease Payment | \$0 | (\$1,575,000) | (\$1,575,000) | (\$1,575,000) |
| Net Contribution | \$3,167,479 | \$3,987,549 | \$8,348,864 | \$13,051,759 |



Questions?