Purchase, Sale or Encumbrance of College Property
Resource Document for Discretionary Use

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Preamble

Colleges of applied arts and technology are responsible and accountable to the Minister of Training, Colleges and Universities for high-quality service to the public, excellence in management, and prudent use of college assets including the acquisition, lease, or disposal of real property.

As publicly funded institutions providing services in a public environment, colleges are subject to public scrutiny and held to a high standard in all aspects of their operations.

Every board of governors of a college, as a non-share corporation, is provided with incidental powers set out in the *Corporations Act* including the power "to sell, improve, manage, develop, exchange, lease, dispose of, turn to account or otherwise deal with the property of the company in the ordinary course of its business" (Section 23 (1)(n) of the Act).

This resource document is intended to assist college boards with suggested best practices to consider when purchasing, leasing, or selling property.

For further information regarding this resource document, click on the Contact link to consult with the appropriate ministry contact, listed in the Contacts section on the web site.

Suggested Best Practices

College boards of governors may wish to establish policies requiring that real property transactions be approved by the board through a formal resolution to ensure full knowledge and support for the course of action contemplated.

It is recommended that colleges consult with staff from the Ministry of Training, Colleges and Universities to determine whether there are any relevant considerations or impediments of which the college may be unaware.

Some college property that was deeded to the institution by the government of the day includes covenants on the title to the property that must be extinguished prior to its sale. Staff from the Ministry of Training, Colleges and Universities will liaise with staff from other government ministries to identify the legal and administrative steps necessary to remove the covenant and facilitate such steps where possible.

It is suggested that colleges take into consideration the following factors in planning the sale, lease, or purchase of property:
2.0 Finance and Administration

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- The long-term property needs of the institution.

- The planned utilization of any property sold or leased, particularly when it abuts other college property, to ensure its compatibility with college operations and its general acceptability to the community at large.

- The legal risks and liabilities associated with the proposed course of action, as well as its possible impact on the college’s various insurance policies.

- The impact the closure and sale of college facilities would have on the community, and the steps the college has taken to ensure that all stakeholders who have an interest in the college, including the student government, understand the rationale behind the decision. These steps could include communication with the local municipal government, public forums, and/or notification through local media.

  The above-noted community consultation steps should also be considered when undertaking initiatives such as student residences and student centres, which may have a direct after-hours impact on the local community.

- The steps to be taken to ascertain the fair market value of the property to be sold. The property should be publicly advertised with a target sale price at the fair market value as determined by at least one independent appraisal. The same principle with respect to fair market value applies to the purchase of property.

- The college’s own policies and practices with respect to the purchase or sale of assets and/or the tendering of construction projects competitively in the open market, and all government policies that may affect the above, including interprovincial trade restriction and tendering policies.

**Relevant Policy Framework Documents**

Listed below are several other relevant policy framework documents whose requirements may affect the college’s planned course of action:

- **Proceeds from the Sale or Encumbrance of College Property**
- **Entrepreneurial Activities**
- **Business Plan**
- **Annual Report**