

## AGENDA

### LONDON & MIDDLESEX COMMUNITY HOUSING (LMCH)

#### Board of Directors Meeting

Corporate Boardroom  
1299 Oxford Street East, Unit 5C5  
London, Ontario, N5Y 4W5

Thursday, November 18, 2021

5:30 PM – 6:15 PM

**Board Members:**

Aynsley Anderson

Gary Bezaire

Tammy Brooks

Shellie Chowns

Adrian Cornelissen

John Millson

Josh Morgan

**Directors:**

Andrea Mackenzie

Phil Renaud

Diana Taplashvily

**CEO:**

Paul Chisholm

Item	Pg.	Lead	Time
1. Call to Order		S. Chowns	5:30
2. Recognition of Indigenous Peoples and Lands Statement	3	S. Chowns	
3. Completion and Acceptance of Agenda		S. Chowns	
4. Disclosure of Interest			5:35
5. Approval of Minutes of Previous Meetings a. October 21, 2021 Public Minutes	4	S. Chowns	
6. Communications none			
7. Delegations none			
8. Presentations a. CMHC Co-Investment Program Project Plan		P. Chisholm	5:35
9. Consent Agenda Items a. Staff Report 2021-BOD-63 CEO Report b. Staff Report 2021-BOD-58 '22 Board Meeting Schedule c. Staff Report 2021-BOD-53 Vacancy Management d. Staff Report 2021-BOD-57 TAC Briefing e. Staff Report 2021-BOD-59 Reimagine Southdale Update f. Staff Report 2021-BOD-55: KPI Report g. Staff Report 2021-BOD-2021-56: Q3 Financial Update h. Staff Report 2021-BOD-57: Upgrade to Property Management Software i. Staff Report 2021-BOD-54 Tenant Director Resignation j. Staff Report 2021-BOD-61 RFP Award Roof Evaluation	6 8 10 13 26 40 45 49 53 61	P. Chisholm P. Chisholm P. Renaud A. Mackenzie P. Renaud D. Taplashvily D. Taplashvily D. Taplashvily P. Chisholm R. Renaud	5:50
10. In Camera Matters a. Soliciter-Client Privileged Advice  A matter pertaining to advice which is subject to soliciter-client priveledge and communications necessary for that purpose.		P. Chisholm	6:00
11. Reports and Business a. Staff Report 2021-BOD-60 CMHC Approval Request	61	P. Chisholm	
12. New Business / Enquiries		S. Chowns	
13. Meeting Adjournment		S. Chowns	6:15

## Recognition of Indigenous Peoples and Lands Statement

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We would like to begin by acknowledging the treaty territory of the Anishnaabeg, which is defined within the pre-confederation treaty know as the London Township Treaty of 1796. Throughout time, this region has also become the current home to the Haudenosaunee and Lenni-Lenape Nations.



**BOARD OF DIRECTORS MEETING**

Thursday, October 21, 2021 at 5:30 PM

London & Middlesex Community Housing

Boardroom, 1299 Oxford Street East, Unit 5C5, London, Ontario, Canada

**Board Members in Attendance:**

Shellie Chowns, Interim Chair (Vice-Chair)

Adrian Cornelissen, Board Member

Ashley Anderson, Board Member \*

Gary Bezaire, Board Member \*

Tammy Brooks, Board Member \*

John Milson, Board Member \*

\* *Virtual Attendance via Zoom*

**Senior Leadership in Attendance:**

Paul Chisholm, CEO

Andrea Mackenzie, Director of Tenant Services

Diana Taplashvily, Director of Finance & Corporate Services

Phil Renaud, Director of Property Services & Asset Management

Sileny Chamorro, Temporary EA & Board Secretary

1. Call to Order	S. Chowns called the meeting to order at 5:39 p.m.
2. Recognition of Indigenous Peoples and Lands	S. Chowns provided the following recognition address at 5:39 p.m.:  <i>We would like to begin by acknowledging the treaty territory of the Anishnaabeg, which is defined within the pre-confederation treaty known as the London Township Treaty of 1796. Throughout time, this region has also become the current home to the Haudenosaunee and Lenne-Lenape Nations.</i>
3. Completion and Acceptance of the Agenda	Regarding the completion and acceptance of the agenda, J. Milson moved, G. Bezaire seconded that the agenda <b>BE ACCEPTED</b> and <b>APPROVED</b> as presented.  <b>CARRIED</b> at 5:40 p.m.
4. Conflicts of Interest Declarations	S. Chowns called for conflict of interest declarations with respect to the agenda. There were no conflicts of interest declared.
5. Approval of Board Meeting Minutes dated September 16, 2021	Regarding the Board Meeting Minutes of September 16, 2021, J. Milson moved, G. Bezaire seconded that the Minutes <b>BE APPROVED</b> .  <b>CARRIED</b> at 5:40 p.m.

6. Communications	Regarding the City of London Housing Division Notice 2021-256 Placement Selection (a reiteration of existing policy), <b>ACCEPTED.</b>
7. Delegation	n/a
8. Consent: CEO Report 8. Consent: CEO Report:	Regarding the CEO Report (October 14, 2021), J. Millson moved, and A. Anderson seconded that the report <b>BE RECEIVED.</b>  <b>CARRIED</b> at 5:48 p.m.
9. Reports: Staff Report 2021-51: Insurance Program Renewal	Regarding Staff Report 2021-51: Insurance Program Renewal and the motion for approval of budget over next year, A. Cornelissen moved, and A. Anderson seconded that the report <b>BE APPROVED.</b>  <b>VOTE FOR RENEWAL PASSED</b> at 5:52 p.m.
10. New Business: Board Elections	Board discussion regarding the upcoming changes to the Board. S. Chowns noted that changes to the composition of the new board are imminent, as the Board goes through the City of London’s process for assigning positions.
11. In Camera Matters	Please note that video recording and streaming services were unavailable during this meeting. Regarding the provisions of Section 239 of the Municipal Act, the Board discussed the following matter in camera: a. Approval of previous In Camera meeting minutes.
12. MEETING ADJOURNMENT	G. Bezaire moved, T. Brooks seconded that the meeting <b>BE ADJOURNED</b> at 6:04 p.m.  <b>CARRIED.</b>

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**S. Chowns, Vice Chair**

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**Paul Chisholm, CEO**



## STAFF REPORT 2021-BOD-63

TO: LMCH Board of Directors

FROM: Paul Chisholm, Chief Executive Officer

SUBJECT: CEO Update

DATE: November 11, 2021

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### RECOMMENDATION:

That the CEO Update report **BE RECEIVED** for information.

### PURPOSE:

The purpose of the report is to provide updates to the Board on the status of key initiatives previously approved, introduce items that may come before the Board in future meetings and to provide updates on meetings, events or operational activities that may be of interest to the Board.

### Government Relations & Sector Engagement

The 2021 Conference for the Ontario Non-Profit Housing Association (ONPHA) was held November 10 -12. The conference will be held virtually again this year. Sector partners shared insight, experiences, and key learnings in human centred design for staff/tenants; Board Governance; regeneration and development of new housing; and Diversity Equity and Inclusion.

### General Updates

- LMCH has initiated an assessment of the current procurement policies, procedures and practices to develop a current state assessment and prioritized action plan to improve the procurement functions within LMCH. This work will ensure we have the appropriate internal structures in place and assist in delivering on key programs/projects.
- LMCH is conducting an IT Audit to ensure current network and IT Infrastructure effectively manages IT Risk for the corporation.

### Community and Tenant Engagement

The **Tenant Advisory Council (TAC)** met on Tuesday, November 9, 2021. Phil Renaud and our three Property Services Managers Jen Meaney, Val McCourt & Kacpar Obrzazgiewicz attended this month's meeting and presented an overview of the Property Services area, outlined current and planned

capital projects, provided an overview of their work order stats, and then opened the meeting up for a Question & Answer section. There was good discussion on some concerns at the sites, particularly around garbage and Kacpar will be connecting with members of the TAC for a site tour and to get some feedback on potential solutions.

Our **Community Development Team** has connected with the Rights and Responsibilities Awareness Initiative, a community initiative aimed at spreading legal, financial and cultural awareness to the community. RRAI conducts public awareness campaigns based on the identified needs of a community to educate targeted groups about their rights and responsibilities with respect to Canadian laws, regulations, finance, and culture. The Tenant Advisory Council has provided feedback to the CD team on potential subjects that would be of interest in their communities and now the team will help schedule and promote future educational sessions for our tenants.

**Staffing Updates**

Work continues to fill vacant positions at LMCH. This includes vacancies created through attrition as well as new positions created through Business Case # 19.

Carrie Brown joined LMCH on October 25 in the role of Community Development Worker and will lead our post-secondary awareness program.

Alex Cunningham has joined LMCH as the IT System Coordinator the week of November 8.

Hires under Business Case #19 include:

- We have hired our first of three Housing Stability Case Coordinators, Maggie Haynes joined LMCH the week of November 8.
- Tenant Services Team Leads have been hired to support each of the three portfolios. We welcome two new employees: Breanna Dartch, and Paige Sheridan. We also congratulate current employee Shawn Hughes who will be moving into this new role in the coming weeks. All three staff start the new role the week of November 22.

<b>PREPARED BY:</b>
<b>PAUL CHISHOLM CHIEF EXECUTIVE OFFICER</b>



## STAFF REPORT 2021-BOD-58

**TO:** LMCH Board of Directors

**FROM:** Paul Chisholm, Chief Executive Officer

**SUBJECT:** 2022 Board Meeting Schedule

**DATE:** November 11, 2021

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### **PURPOSE:**

To confirm the meeting dates for the LMCH Board of Directors for 2022.

### **RECOMMENDATION:**

That the Board of Directors receive this report for information.

### **BACKGROUND:**

The LMCH Board of Directors meets monthly to deal with the business of the Corporation. In addition to the regularly scheduled board meetings, there will be additional meeting dates required to support the work of the committees, the Annual General Meeting, Board workshops and similar.

Staff will be bringing forward the 2022 draft workplan for the Board at the December 2021 meeting. This workplan will also plan for the implementation of the Board Committees in early 2022. LMCH staff leads will work with the Board Committees to schedule meetings that support both the Committee and Board Workplans.

Board Meetings are currently schedule on the third Thursday of the month. The public portion of the meeting is scheduled for 5:30 pm and any in-camera items are scheduled for 5:00 pm on the same day. Board meetings attendance is a hybrid between in person and virtual attendance. The public agenda items are available live to view through YouTube.





## STAFF REPORT 2021-BOD-53

**TO:** LMCH Board of Directors

**FROM:** Phil Renaud, Director of Assets and Property Services & Andrea Mackenzie, Director of Tenant Services

**SUBJECT:** Vacancy Management Update

**DATE:** November 10, 2021

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### PURPOSE:

To update the Property & Tenant Services committee regarding the status of LMCH's Vacancy Management progress with the objective of achieving a three percent (3%) total vacancy.

### RECOMMENDATION:

That the Vacancy Management Update report **BE RECEIVED** for information.

### September 2021 Progress (Reported as of September 30<sup>th</sup>, 2021)

1. **Total Vacancy:** This includes all units within LMCH portfolio that are not occupied. It is inclusive of units that are Non-Rentable or in Active Restoration and Rent Ready Stock. (Target: 3%)

**Total Vacancy: 4.9% or 164 units**  
**Future Leased: 0.43% or 14 units**  
**Final Vacancy: 4.57% or 150 units**

### October 2021 Progress (Reported as of October 31<sup>st</sup>, 2021)

1. **Total Vacancy:** This includes all units within LMCH portfolio that are not occupied. It is inclusive of units that are Non-Rentable or in Active Restoration and Rent Ready Stock. (Target: 3%)

**Total Vacancy: 5.1% or 168 units**  
**Future Leased: 0.43% or 14 units**  
**Final Vacancy: 4.69% or 154 units**



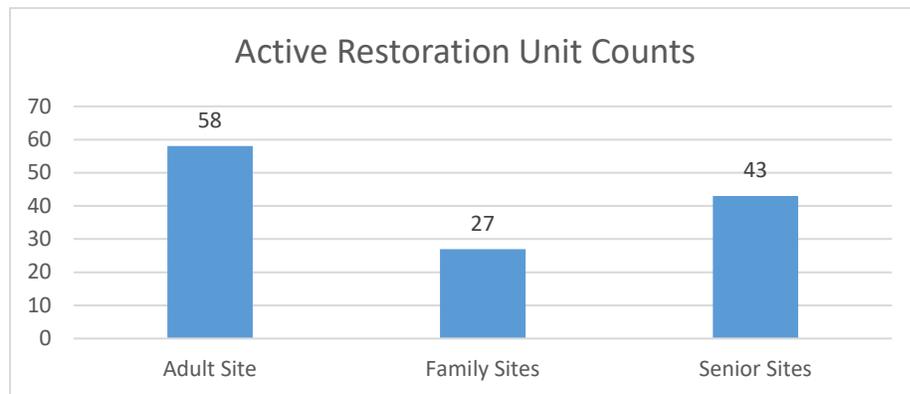
**2. Non-Rentable or in Active Restoration:**

The non-rentable category includes units that do not have a predictable rent ready projection date due to a construction project (e.g., units are being used for broader portfolio improvements).

**Non-Rentable: 0.06% or 2 units**

The active restoration category includes all remaining units that are in pre-pest clearance as well as any units that are pest cleared and are now in active restoration. (Target: 2%)

**Active Restoration: 3.35% or 110 units at the end of September, 3.90% or 128 units at the end of October.**

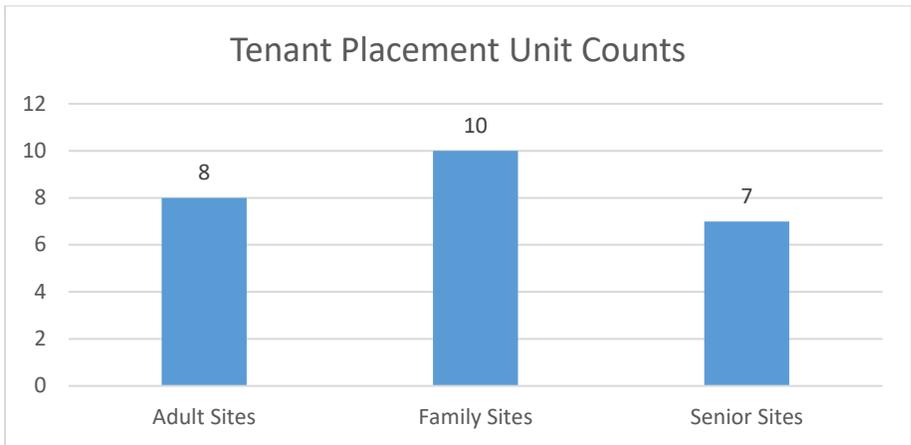


Average time the units are in Active Restoration Stock as of September 30<sup>th</sup>, 2021: 65.2 days.

Average time the units are in Active Restoration Stock as of October 31<sup>st</sup>, 2021: 106 days.

**3. Active Rental Stock:** These are all units that are rent ready and available to offer. Units leave this category when they are future leased or leased (when the actual lease is signed and keys are handed to the new tenant). (Target: 1%)

**Active Rental Stock at the end of September were 1.1% or 37 units and at the end of October were 0.76% of 25 units.**



Average time the units are in Active Rental Stock as of September 30<sup>th</sup>, 2021: 32.3 days,  
 average time the units were in Active Rental Stock as of October 31<sup>st</sup>, 2021: 36.9 days.

**Property Services Process Improvements:**

The Property Services Team have met and are implementing changes to the current process that will improve performance in this area for year end and continued improvement into 2022.

- Property Service Managers will conduct Pre-Move Out Inspection after receipt of the Notice to Vacate received from the Tenant. This will allow more time to develop scope of work, order required material and schedule required vendors prior to planned move out date.
- Property Services Manager will be set target rent ready dates for each vacancy and monitor performance against that target.
- Additional Property Services staff approved through the Multi Year Budget Business Cases # 19 will be in place for early 2022.

**CONCLUSION:**

LMCH had a total of 84 new units confirmed vacant in the months of September and October which have been added to the active restoration stock.

LMCH restored a total of 48 units during this same period.

LMCH leased 54 units and future leased an additional 28 during this reporting period.

<b>PREPARED and RECOMMENDED BY:</b>	<b>PREPARED and RECOMMENDED BY:</b>
<b>PHIL RENAUD, DIRECTOR, ASSETS AND PROPERTY SERVICES</b>	<b>ANDREA MACKENZIE INTERIM CHIEF EXECUTIVE OFFICER</b>



## STAFF REPORT 2021-BOD-57

**TO:** LMCH Board of Directors

**FROM:** Preet Chhokar, Community Engagement Manager

**SUBJECT:** Tenant Advisory Council Update

**DATE:** November 18, 2021

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### PURPOSE:

The purpose of the report is to provide updates to the Board on the Tenant Advisory Council (TAC), the background on the TAC, its status, and collaboration with LMCH staff.

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### RECOMMENDATION:

That the Tenant Advisory Council update **BE RECEIVED** for information.

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### BACKGROUND:

The purpose of the Tenant Advisory Council is to represent the voice of LMCH tenants in providing insight, recommendations, and expertise to the Board of Directors, Senior Leadership Team and LMCH. The value of a council that is made of tenants with lived or living experience is instrumental. Someone with lived experience has a better understanding of the systemic barriers and challenges being faced and what needs to be done to address them. This makes the involvement of those living experts invaluable to produce systemic and societal change.

The initial process to establish the TAC was developed in the winter of 2019/2020, drafted, and guided by the Terms of Reference (see appendix A). Multi staged outreach was done throughout LMCH communities to make sure that all tenants were made aware of the process and the need to establish an advisory committee. Applications were made available in multiple languages; flyers were distributed door to door as well as made available in the community lounges and sent out via email distribution (see Appendix B). In addition to that, Pop-Up information sessions were conducted in our communities for tenants to reach out to gain a better understanding and for application support.

LMCH received over 50 applications and were vetted through and given to the established Community Selection Panel to interview prospective candidates. This panel was made up of 6 (six) individuals who serve the community through different organizations and have come together to support the interview and selection process for the TAC, with interviews being held at LMCH. An interview guide was prepared for the candidates for support as well as phone support to ensure that each candidate was well prepared for the interview process. A total of 12 candidates representing family, senior, and adult communities were chosen. They participated in a social media campaign to introduce them to the community as well as a TAC photo shoot. The TAC receives an honorarium of \$50 per meeting, as well as internet services that the council's members are reimbursed monthly to ensure that we eliminate barriers to participation.

## **CURRENT STATUS**

The newly adopted council participated in a Housing Orientation training and two Trust and Team Building trainings, facilitated by the Community Engagement Team in January and February 2021. Two Board Governance training sessions were conducted which were adapted to suit the need of a lived experience council, which included a mock board session. This training was provided by Pillar Non-Profit and will follow up with additional training in the coming months.

The first TAC meeting was held in April of 2021. Although 12-members was chosen, due to commitment and pressing personal issues, there were multiple resignations. However, the Community Engagement Team is in the process of planning community outreach to recruit for prospective candidates. The council has met quorum in all meetings. The TAC members bring forth agenda items to discuss/debate and decisions are made by consensus. Meetings are held monthly, the second Tuesday of the month from 6-8 pm. In total the council has held 6 meetings and have voted to establish a Chair, Co-Chair and a Secretary. Attached you will find the agenda items to date.

## **WORK PLAN**

The Council is creating a work plan that consists of developing a survey to go out to all communities that welcomes feedback and insight from LMCH tenants. The Tenant Advisory Council is committed to ensuring the tenant voice is heard. They will then use those survey results to move forward with working to solidify a work plan. In addition to that, the council has invited LMCH staff members to present at TAC Meetings. This in return supports the council members in gathering a better understanding of the organizational departments, their roles, and impact of strategic initiatives. They in return use these learnings to be able to provide feedback and insight to help shape organizational practices that impact the whole tenant base.

To date TAC has had presentations from Andrea Mackenzie, Director of Tenant Services; Marisa Banuelos, Manager, Portfolio Strategy Development; Bryce Porter, Manager of Security; Angela Serra, Communications Specialist and Paul Yeoman while

sitting as a Board Chair. We will host Property Services in the next meeting. The Tenant Advisory Council/LMCH SLT and Staff will use these meetings as a place to gather recommendations and insight on issues that impact the organization's Strategic Plan. The TAC will create a work plan to achieve those goals and report their findings to the Board of Directors and SLT as needed.

PREPARED and SUBMITTED BY:
PREET CHHOKAR, Community Engagement Manager



Make the tenant voice heard, become a part of the new LMCH-wide

# TENANT ADVISORY COUNCIL

Apply and/or  
nominate another  
tenant!

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1) Fill out an application or nomination form

OR create a video telling us who you are and why you are interested

2) Submit your application to the main office, your Community Relations Worker, or email it to [care@lmch.ca](mailto:care@lmch.ca) by February 21, 2020.





# WE NEED YOUR VOICE!

## MEMBERS OF THE TENANT ADVISORY COUNCIL WILL:

- Receive training on how to be a council member
- Review board packages and give tenant feedback
- Represent the tenant voice to LMCH leadership
- Represent the interests of LMCH as an organization
- Develop tenant proposals to submit to the board

## SUCCESSFUL APPLICANTS WILL:

- Be a good listener and communicator
- Be willing to commit to regular meetings over a 1 year term
- Be a current tenant in a LMCH community
- Be provided financial support to make sure they are able to attend meetings and participate

***\*FINANCIAL SUPPORT WILL NOT IMPACT RENTAL SUBSIDIES\****

Applicants will be interviewed and chosen by a selection panel including LMCH and partner organizations based on their interest in participating and how they represent the diverse LMCH tenant base.

## Questions?

Contact Community Developer  
Preet Chhokar at  
519-434-2765 ext \*276  
OR [pchhokar@lmch.ca](mailto:pchhokar@lmch.ca)



## Tenant Advisory Council Application

Last Name: _____		First Name: _____	
_____		_____	
Phone number _____		Email Address (optional) _____	
Street Address _____		Unit Number _____	
City _____		Postal Code _____	
How long have you lived at this address? _____			
<p><b>Why are you interested in being a part of the Tenant Advisory Council?</b> Please use back of the form if more space is needed.</p>			
<p><b>How do you represent the diversity of LMCH?</b> Please use back of the form if more space is needed.</p>			

All information is confidential and will be retained for the sole purpose of the London & Middlesex Community Housing Tenant Advisory Council, and will not be used in any other way.

I hereby confirm that all information in the above application is correct and may be used by London & Middlesex Community Housing as required.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



## Tenant Advisory Council Nomination Form

Nominator's Full Name:	Nominator's Phone Number/Email
Nominator's Address:	
Name of the Person you wish to Nominate:	Their phone/email address:
What is the address of the person you wish to nominate?	
<p><b>Why do you think the person you wish to nominate would be a good fit for this role?</b> Use the back of the form if more space is needed.</p>	

All information is confidential and will be retained for the sole purpose of the London and Middlesex Community Housing Tenant Advisory Council, and will not be used in any other way.

I hereby confirm that all information in the above information is correct and may be used by London & Middlesex Community Housing as required.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## LMCH Tenant Advisory Council Terms of Reference

### Purpose

The purpose of the Tenant Advisory Council (TAC) is to represent the voice of LMCH Tenants in providing insight, recommendations, and expertise to the Board of Directors and the Senior Leadership Team (SLT), including the Chief Executive Officer, on strategic initiatives and policies that will guide and steer the organization. The TAC will work within the framework of the LMCH mission & vision to provide guidance from the viewpoint of the tenant base, which represents all LMCH communities.

### Role

The TAC will help advance, recommend, and provide insight on goals and objectives set out in the organization's Strategic Plan. The TAC will create a work plan to achieve the identified goals in the Strategic Plan and report their progress to the Board of Directors.

### Membership

The TAC will be comprised of up to eleven (11) individuals reflecting the diversity of LMCH with representation from each of the following LMCH communities:

- Four (4) seats from family communities, including one (1) youth seat,
- Three (3) seats from adult communities,
- Three (3) seats from senior communities,
- One (1) seat from the county.

If the seats cannot be filled from the specific communities, the TAC will hold off on filling these seats until such applicants come forward.

The Manager of Community Engagement or Designate will hold the non-voting position of a Co-chair.

### Recruitment, Selection and Orientation

TAC membership opportunities will be posted on the community boards at LMCH sites and on the LMCH website. Members will be selected through a formal application and interview process. The LMCH Board of Directors will formally approve members through a board resolution following the completion of the selection process based on a recommendation from TAC.

Member selection criteria:

- Be able and willing to promote the mission of LMCH,
- Demonstrate an ability and willingness to contribute within their own community and LMCH community as a whole;
- Be willing to share insights about their own experiences with LMCH,

- Have a passion for enhancing LMCH service experience for other tenants and the broader community,
- Be open to seeing beyond their own personal experiences,
- Be willing to attend an orientation and training session(s),
- Be willing and able to attend all TAC meetings,
- Be willing to facilitate positive working relationships between tenants and LMCH,
- Demonstrate commitment to tenant involvement.

No person shall be eligible for membership on the TAC unless he or she:

- Is a current tenant in an LMCH community (for youth seat, is a child of a current tenant in LMCH community) and has been for at least 6 months before applying for membership;
- Is 18 years of age or older (for youth seat, is 16 – 24 years of age),
- Has a tenancy relatively free of social problems,
- Has not received a Notice of Termination in the previous 6 months.

For the inaugural round of selection, applications for membership received from prospective candidates will be screened by the Tenant Program Coordinator to ensure they meet the eligibility criteria and forwarded to the Community Partner Selection Panel for further consideration. The Community Partner Selection Panel will be comprised of representatives from various agencies that are LMCH's community partners with different perspectives, expertise and a demonstrated commitment to diversity and equity. The Community Partner Selection Panel will then interview and select the final candidates and make recommendations to the Board of Directors for approval.

Following the first year, applications for membership received from prospective candidates will be screened by the Tenant Program Coordinator to ensure they meet the eligibility criteria and forwarded to TAC for further consideration. The existing TAC will then meet in-camera to discuss new applications and reach a consensus on who should be interviewed. Following the interviews, the TAC will select members based on skill and the prior selection criteria listed and make recommendations to the Board of Directors for approval.

### **Diversity of Membership**

Every effort will be made to achieve diverse membership that is reflective of LMCH's commitment to diversity, equity, and inclusion, and this will be considered in the selection of members.

### **Term Limit**

Each sitting member of the TAC will have a two (2) year term limit with a possibility of one (1) time renewal for a second two (2) year term to a maximum of four (4) consecutive years served. Each member interested in serving a second term must submit to the TAC a letter of intent of willingness to serve a second term. If there are incumbent members interested

in serving a second term, they will be identified as such in recommendations to the Board of Directors for approval.

### **Membership Termination and Vacancies**

- A member may resign from the TAC by submitting a letter of resignation to the Chair and Co-chair.
- The committee will determine that a member has resigned if the member misses two (2) consecutive meetings without being excused by the Chair.
- A tenant will automatically cease being a TAC member when they exit a tenancy.

In the event of a membership vacancy because of membership termination, LMCH staff will advertise TAC vacancies on the community boards at LMCH sites and on the LMCH website to fill the balance of a member's term. Applicant screening and member selection process will be as outlined under Recruitment, Selection and Orientation.

### **Elections**

The TAC will work to elect a Chair. Elections will be held at the first TAC meeting of every year.

### **Responsibilities of Members**

- 1) Engage, consult, inform, and listen to other LMCH tenants,
- 2) Establish a yearly work plan with set priorities,
- 3) Attend all TAC meetings and come prepared for meetings,
- 4) Provide feedback on board report of interests at TAC meetings,
- 5) Provide feedback on organizational policies at TAC meetings,
- 6) Provide reports and recommendations to the Board of Directors, through the Tenant Services Committee,
- 7) Review the Terms of Reference on an annual basis,
- 8) Appointment of new members as per this Terms of Reference,
- 9) Complete an annual performance review of all Council members, including the Chair,
- 10) Attend an orientation and training session(s) when needed,
- 11) All members will follow the LMCH code of conduct, conflict of interest, confidentiality, anti-harassment policy.

### **Role of Staff**

LMCH staff and SLT, through the Manager of Community Engagement and the Community Engagement Coordinator, will offer staff resources, support, facilitation, and training.

### **Reporting Structure**

The TAC reports to the Board of Directors, through the Committee of the Whole, and receives operational knowledge and support from LMCH staff. TAC will provide progress reports to the Board of Directors at a minimum of three (3) times a year.

### **Operating procedures**

The TAC will establish an annual work plan to identify the focus of the TAC for the year. The work plan and any related actions or recommendations must be approved by the TAC with a majority and in alignment with the Strategic Plan.

The Work Plan shall be submitted for the Board of Director's consideration and approval. The Work Plan will be developed based on:

- Referrals from the Board of Directors;
- Referrals from SLT;
- Matters identified by the TAC.

### **Meetings**

The TAC will meet nine (9) times a year. Monthly meetings will be held from January to June and September to November. Every alternate meeting will be a closed session working meeting for members and LMCH staff only.

TAC meetings will be held publicly at the LMCH main office or in LMCH community space as agreed upon by TAC.

### **Quorum**

Depending on the total number of members at the time, a quorum will consist of 50% of the membership plus one for decision making. Meetings that do not have a quorum will be abandoned, and a subsequent meeting date and time will be scheduled.

### **Minutes**

Meeting minutes will be taken by LMCH support staff and will be posted publicly afterward on the LMCH website.

### **Operating Principles**

Members are committed to upholding the following values in all their interactions, discussions at regular meetings, in planning and decision-making:

- All members are given the opportunity to share and contribute to meetings they attend;
- All contributions made by members are worthwhile and valuable;
- Positive language is used when speaking to contributions made by other members;
- Each member's contribution is leveraged based on their unique strengths and gifts, as a necessary component of a well-functioning TAC.

**Decision-making**

The TAC will operate by consensus. Where consensus cannot be reached, then a 'one person, one vote system' will be used. In the event of a tie, the Chair has a casting vote.

**Honorarium and Other Expenses**

Members will receive a \$50 stipend for each formal meeting attended. Members will also receive monetary support to reduce barriers to attendance, including but not limited to transportation costs to and from meetings, childcare expenses for the duration of meetings, etc. Those barriers will be evaluated on an equity basis.



## Summary list of TAC Agenda items

Meeting 1 – April 13<sup>th</sup>, 2021

*Summary*

1. Voting for Secretary, Chair, Co-Chair
  2. Assignment of positions
  3. Setting the Vision
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Meeting 2- May 11<sup>th</sup>, 2021

*Summary*

1. Presentation by Marisa Banuelos, Manager, Portfolio Strategy Development LMCH
  2. Meet and Greet question period with Board of Directors
  4. Setting the Vision
- 

Meeting 3- June 8<sup>th</sup>, 2021

*Summary*

1. Meet and Greet with Paul Yeoman BOD
  2. Setting the Vision & Priorities for Work Plan
- 

Meeting 4- July 13<sup>th</sup>, 2021

*Summary*

1. Meet and Greet with LMCH Interim CEO Andrea Mackenzie
  2. Finalizing TAC Vision Statement
  3. New Business: Welcome letter & survey
- 

Meeting 5- August 10<sup>th</sup>, 2021

*Summary*

1. Presentation by Bryce Porter, LMCH Security Manager
  2. Finalize welcome letter and survey
- 

Meeting 6- October 12<sup>th</sup>, 2021

*Summary*

1. Presentation by Angela Serra, LMCH Communication Specialist
2. Feedback and insight period with TAC
3. Question period with LMCH staff regarding protocols and communication



## STAFF REPORT 2021-BOD-59

**TO:** LMCH Board of Directors

**FROM:** Scott Robertson, Construction & Project Manager, Angela Serra, Communications Specialist, and Preet Chhokar, Community Engagement Manager

**SUBJECT:** Reimagine Southdale Update

**DATE:** November 8, 2021

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### PURPOSE

The purpose of the report is to provide updates to the Board on the status of the Reimagine Southdale project, the communication strategy, tenant relocation progress, and the overall background of the project.

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### RECOMMENDATION

That the Reimagine Southdale update **BE RECEIVED** for information.

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### PROJECT STATUS

LMCH is in the final phases of developing the regeneration plan for the Southdale Community. With the approval of the architect, LMCH is finalizing the concept drawings, moving forward with the required Zoning By-Law Amendment, and developing the Pro-forma (project capital and operating budget documents) for the project. It is anticipated that the draft concept drawings will be available for LMCH feedback in December 2021 with approval processes moving forward in Q1 and Q2 2022.

The current plan for the Reimagine Southdale project consists of 2 phases of demolition/construction and renovation.

Phase 1: Demolition of 18 existing townhouse units on the Northwest corner of the Southdale Community. New construction of a (4) story apartment building containing up to (35) Units comprising a mix of 1 to 4 bedrooms.

Phase 2: Demolition of 30 existing townhouse units. New construction of a (4) story apartment building containing up to (35) Units comprising a mix of 1 to 4 bedrooms.

## Projected High-Level Timeline on-site planning and development

Task	Duration	Project Task Completion
<b>Select Architect</b>		
RFP tender process (Architect)	2 - Months	August, 2021
RFP closed		September, 2021
BOD approved Architect		September 16 <sup>th</sup> , 2021
TCA Architect signed contract	1 - Month	October 2021
<b>Design and Contract Documents</b>		
ZBA (Zoning Bylaw Amendment) pre-consultation application provided to the City of London	1 - Month	October 29 <sup>th</sup> , 2021
Concept Designs and Order of Magnitude presented to LMCH by TCA	3 - Months	December 2021
LMCH Review and Approval of Concept Designs	3 - Months	December 2021
Final Schematic Design presented to LMCH	3 - Months	February 2022
Class C estimate presented and LMCH Review & Approval	1 - Month	March, 2022
Design Development presented to LMCH	3 - Months	May 2022
Approval of ZBA & Site Plan Approval	9 - Months	May 2022
Class B estimate presented and LMCH Review & Approval	1 - Month	June 2022
50% Construction Documents presented April, 2022	1 - Month	July 2022
Class A estimate presented and LMCH Review & Approval	2 - Weeks	July 2022
Finalized Tender package	1 - Month	August 2022
Building Permit	6 - Weeks	August / September 2022
RFP tender process for General Contractor August / September 2022	1 - Month	September 2022
Construction start Phase 1	12 - Months	September / October 2022
Construction start Phase 2 – March 2024	12 - Months	March 2024

## COMMUNICATION STRATEGY

LMCH recognized that consistent tenant communication and engagement are crucial throughout the regeneration project. To support this, LMCH created a communication strategy and plan to guide key messaging, engage with tenants and gather feedback for the project. Important elements of the plan are grounded in the goals of the project. Key audiences have been identified and community engagement to gather feedback is ongoing.

## PROJECT GOALS

The goals of Project Reimagine are to build communities and homes by adding diversity, services, and resources to our neighbourhoods. Outlining our intentions at the outset of the process ensures that our purpose, outcomes, and success can be planned and evaluated for each site regeneration and social revitalization project. The following are the guiding principles and pillars of regeneration:

- **Communication:** LMCH will ensure that all stakeholders are engaged and informed through frequent and transparent communication. Public engagement and participation are imperative to achieve these goals. LMCH is committed to having clear pathways for communication, participation, and feedback throughout all regeneration activities. Great outcomes in regeneration require early engagement, participatory research, and community collaboration. LMCH will seek out our tenants' and public input.
- **Portfolio Mix:** LMCH will work to create homes and communities that reflect the needs and diversity of its tenants by ensuring the built form and social supports provide equitable opportunities to participate in the community. A mixed portfolio refers to the diverse circumstances of the people it serves through a range of housing options. Portfolio mix is the means for LMCH to administer housing options beyond Rent- Geared-to-Income housing (RGI) with some sites as mixed RGI or affordable housing, or a combination of affordable and rent supplement. A mix of tenures and incomes associated with these various housing options provides economic sustainability and social diversification. A person-centered approach allows people to access homes across their lifespan and economic circumstances while building lasting connections to their neighbourhoods and the broader community.

- **Tenant Engagement:** Meaningfully engage and involve tenants throughout the regeneration process. LMCH is committed to engaging with all tenants and providing opportunities for them to be consulted, involved, and empowered throughout the site and community improvement process. A high-level engagement and empowerment approach will ensure tenants are provided with the information and resources needed to help them decide how to respond to these impacts. LMCH understands that this process will be difficult for tenants; therefore, we will provide a decision-making framework that involves our tenants as much as possible and acknowledges the significant changes that regeneration may create for tenants.
- **Sustainability:** This is a goal, driver, and principle of all regeneration activities. As LMCH builds improved sustainability into its projects, the stock becomes more stable and builds stronger communities. The rejuvenated or newly developed homes will be more environmentally, socially, and financially sustainable to create healthy and safe neighborhoods with more diverse tenants.
- **Financial Instruments:** Financial sustainability is a critical measure for the feasibility of any project. LMCH will leverage its assets and manage its debt while pursuing mixed sources of revenue with its shareholders' support. All sources of viable, predictable, and appropriate funding will be pursued and considered so that LMCH can address any gaps in the range of housing options.

## KEY AUDIENCES

Internal Audiences	External Audiences
<ul style="list-style-type: none"> <li>• Tenants</li> <li>• Staff at LMCH (Appendix B)</li> <li>• Volunteers and Students</li> <li>• Board of Directors</li> <li>• Shareholder (The City of London)</li> </ul>	<ul style="list-style-type: none"> <li>• Southdale Community/Neighbours</li> <li>• LMCH Community Partners</li> <li>• General Public</li> <li>• Media</li> <li>• Municipal Government (City of London and County of Middlesex)</li> <li>• Federal and Provincial organizations (E.g. CMHC)</li> <li>• Politicians</li> <li>• Non-for-Profit organizations</li> <li>• Contractors</li> </ul>

## TACTICS

- In-Person Engagement
- Door Drops
- E-mail
- Social Media
- Visual Storytelling
- Tenant, Community and Staff meetings
- Create online presence
- Staff awareness – meetings, e-mail updates, etc.
- Media releases

## COMMUNICATION OVERVIEW

Tenant engagement through consistent communication is a major focus throughout this project. LMCH created a Reimagine Facebook group available for tenants to join that will drive conversations about the project at Southdale. LMCH staff will moderate and update the Facebook group. In addition, a monthly or bi-monthly newsletter will be sent to tenants via email and door-to-door with these updates to ensure everyone stays informed. This newsletter will outline community and city news, COVID-19 updates, and includes a campaign to introduce the LMCH team members working on Reimagine Southdale. LMCH news and relevant updates within the community are also shared (ex. Flu clinics nearby, social events, etc.). The Facebook group is also used as another resource to get feedback from tenants on regeneration. A Reimagine email address and phone extension are available for tenants to reach out to with any questions or concerns. All members of the Reimagine team have access to these inboxes.

A project timeline has been established with high-level deliverables that are expected throughout this project (Appendix A). Relocation Assistance Binders were provided to tenants who are directly affected by the demolition as a resource to help with their personalized relocation plan.

FAQs and key messaging guidelines were sent to staff so that any inquiry made to the LMCH office could be answered consistent with approved messaging. This is to ensure all information is correct and appropriate to the project. FAQs and key messaging will be updated throughout to meet the project milestones.

## COMMUNITY ENGAGEMENT STATUS

London & Middlesex Community Housing has made a clear commitment to residents of the Southdale community to support each family impacted by regeneration. Fair and effective tenant relocation and resettlement considers the special circumstances of each impacted household. Our goal with implementing our tiered Tenant Engagement Strategy (*that consists of work relating to Tenant Notification, Community Partner*

*Notification, Community Conversations, Virtual Engagement*) and also creating our Tenant Relocation Assistance Plan, was to ensure our approach is very intentional. This is so that the community has a strong understanding of the process of regeneration, to ensure the successful relocation of the families, and to maintain the community spirit through consistent and committed engagement.

Stemming from our first “Community Conversations” back in December of 2020. We have continued to create monthly newsletters that have been distributed to the community to share project information and community news. We have over 40 families registered for our Reimagine Southdale Facebook group, where our team shares documents, new information, and reminders related to our redevelopment work. We created a series called “MythBusters” and “FAQs” to help ensure that the right information regarding regeneration is being understood by our community.

In September, our team was in the community connecting with tenants door to door to deliver our formal pre-construction notice and a letter of understanding to our community regarding the construction that will be commencing 2022. Following our intentional engagement, we hosted our 2<sup>nd</sup> “Community Conversations.” These sessions were to ensure that the tenants were able to better understand the impact that redevelopment and construction will have, to create a space where tenants can share how relocation and construction will impact their lives, and to engage in a participatory design session to inform us of what they would like to see change in their community.

The Community Development Team is currently connecting with the families that will need to be relocated due to redevelopment of their townhomes. Relocation packages were created for each family that included information and resources for the families to make an informed decision to relocate, what resources in those areas looked like and the level of support that LMCH is offering (Appendix C). By implementing our Tenant Relocation Policy, our Community Engagement Team is currently following up with tenants to create individual relocation plans to help support each unique family during the process of displacement and to re-settle in a place that best supports their families.

	<b>PREPARED BY:</b>
	<b>Angela Serra, Communications Specialist</b> <b>Preet Chhokar, Community Engagement Manager</b> <b>Scott Robertson, Construction and Project Manager</b>

Attachments:

Appendix A: Reimagine Southdale Timeline

Appendix B : Staff Communication Material

Appendix C : Tenant Relocation Assistance Plan

# REIMAGINE SOUTHDALE Timeline



## 1. SEPT 10 2021

### Call 21 tenants

- General phone call to the 21 affected tenants to see if they will be home on Sept 13.
- Script prepared for LMCH staff

## 2. SEPT 13 2021

### Notice Delivery

- 8:30-12:30 team to visit 21 affected tenants
- 1:00-4:00 team to deliver notices to remaining Southdale tenants
- Community Partners notified after 12:30
- Media release sent

## 3. SEPT 13-17 2021

### CE Week-Long Presence

- Beehive sessions
- Impact Booth
- Timeline wall

## 4. SEPT 30 2021

### Info Sharing

- Data and info gathered from the beehive etc. compiled and presented to SLT, Architect & Board
- Approved info sent to Tenants in monthly newsletter (Oct 1)

## 5. Follow-up

### Monthly Beehive Sessions

- Continue to show up and deliver information to tenants
- Continue to receive their input
- Document findings and present as necessary

## 6. Shovel in Ground

### August 2022

- Continue open communication with tenants

All relevant information involving the Reimagine Project can be found in Teams.



## Staff Communication Prior to September 20<sup>th</sup>

As you may know, we have been working on a multi-year budget plan called Reimagine Southdale. We are approaching the time where tenants are becoming more and more aware of the future of Southdale and how they will be affected. In turn, there will be many questions coming our way.

Prior to September 20<sup>th</sup>, the Community Engagement Team kindly asks you to forward any questions to them for disclosure of information. We can appreciate that some of this information can be sensitive and it is critical that the correct information is provided to our tenants without any discrepancies.

Prior to September 20<sup>th</sup>, please forward any questions or concerns revolving around Reimagine Southdale to:

[Reimagineinfo@lmch.ca](mailto:Reimagineinfo@lmch.ca) OR 519-434-2765 \*272

## Staff Communication After September 21<sup>st</sup>

The Reimagine Southdale team will be heading out to the Community on September 20<sup>th</sup> to deliver notices to the entirety of Southdale. Our team will be connecting with households individually who will be directly affected with the first phase of development. After these families are contacted, our team will then be connecting with the rest of the community to inform them of the plans for the next year. As of September 20<sup>th</sup>, it will be community wide knowledge of which units will be affected directly and what the community should expect over the span of the next year.

September 20<sup>th</sup>-September 24<sup>th</sup> our team will remain in the Southdale community for Community Conversations. This will be an event that takes place in the afternoons at the basketball courts. There will be activities, information, and opportunities for tenants to voice their thoughts, feelings and feedback. We will be strongly encouraging households to participate in this event, as their feedback will be important to us in the development stages of Reimagine Southdale.

## What You Need to Know

As you may know, LMCH has been working on a plan that would both enhance the Southdale community and provide more housing options to the London community. This strategy is to reimagine the concept of social housing and bring a more sustainable, safer, and supportive experience to our tenants. We will do this in two ways:

- 1) **Social Revitalization:** Engages and supports tenant. Transitions buildings into more supportive and inclusive communities and collaborates with partners to advance housing and whole-life sustainability.
- 2) **Site Regeneration:** Supports sensitive growth and change in our neighbourhoods so that they are sustainable and prosperous over the long term.

In the coming years, there will be some construction coming to the Southdale community. Our goal is to increase the number of units that we can provide to family households. These new units will come in various forms, as LMCH is still working and developing plans. The new units will be part of the affordable housing stock.

Reimagine Southdale is about building a community that thrives off support, engagement, sustainability, and safety. We will achieve this by actively visiting Southdale, holding events, community conversations, and one-on-one engagement with our tenants. We will be seeing and understanding what our tenants would like to see, achieve, and experience throughout this process. We understand that change is coming, and our hope is to incorporate the community's needs in the process.

If tenants have any further questions regarding Reimagine Southdale, please provide them with the Reimagine Southdale contact information:  
[Reimagineinfo@lmch.ca](mailto:Reimagineinfo@lmch.ca) OR 519-434-2765 \*272

## Reimagine Team

We are happy to introduce the Reimagine Southdale Team. This team has been working closely and consistently on this project since last year.

- Andrea Mackenzie
- Scott Robertson
- Phil Renaud
- Olesya Gryn
- Angela Serra
- Preet Chhokar
- Madison Woodburn
- Homaira Zaheer

## Frequently Asked Questions

**Q:** Will I be able to afford the new places coming in?

**A:** The new family units in the low-rise building will be listed as affordable rental units. The remaining town houses will continue to be RGI housing.

**Q:** What happens if we don't leave?

**A:** If tenants choose not to vacate after being served legal notice, there are policies and protocols in place that would be similar to eviction.

**Q:** How are you choosing who stays and who is kicked out?

**A:** The tenants who are being chosen to relocate, is strictly based on the construction of the new buildings. This decision was made in collaboration with the City of London, LMCH and land compatibility.

**Q:** How are we going to be compensated for this disruption?

**A:** We do have a plan for compensation for those who need to be temporarily relocated,

however at this time, we are unsure of the details surrounding this matter. Once we have more of an idea we will work with those families directly.

**Q:** What is the final plan going to be? What is Southdale going to look like?

**A:** Southdale will be introducing low rise buildings to help support more families and the housing crisis in London. The remaining townhouses will also be getting exterior updates. Lastly, there will also be updates to the landscaping and grounds, allowing for a healthier, safer, and less stigmatizing community.

**Q:** Should I get my hopes up on returning to my home?

**A:** There will be an opportunity to return to your community under the Tenant Relocation Policy. Tenants who choose to return will be asked to sign an agreement and will be eligible to return to Southdale if they continue to meet the requirements of tenancy in good standing. Unfortunately, there will be no guaranteed to return your same unit.

**Q:** How are we meeting the standards and expectations of community space

**A:** We will continue to come and have conversations with the community to see what the community would like to see in those spaces. The community spaces will be on the first floor of the new buildings, along with new green spaces outside.

**Q:** Are the townhouses that are staying getting renovated? Will I have to leave my home during that renovation period

**A:** The remaining townhouses will be getting renovations as required. Some of these renovations could be exterior renovations, such as roofing, windows, siding, hard scapes, and landscaping. It is unlikely that tenants will have to relocate during this process.

**Q:** What will the new units look like

**A:** The new units will consist of 1-4 bedroom units, allowing for more families to move into the community. The final layout has not yet been determined.

**Q:** What will the relocation look like?

**A:** LMCH will be in contact with those who will need to be relocated. LMCH will support those who do need to relocate both with resources, supports and compensation. Tenants who must relocate will have an opportunity to return the community under the Tenant Relocation Policy.

## TENANT RELOCATION ASSISTANCE PLAN

*Applicant: Please review the final Relocation Plan below and initial to confirm agreement*

London & Middlesex Community Housing has made a clear commitment to residents of Reimagine Southdale communities to support each family impacted by regeneration. Fair and effective tenant relocation and resettlement considers the special circumstances of each particular household. Our goal is to be intentional and ensure successful relocation of the families impacted by redevelopment.

### 1. Notice

You have received an initial notice from LMCH regarding construction activities and the direct impact of regeneration for your household at least 8 months in advance of regeneration construction activities.

YES  NO

### 2. N13

I understand that an **N13 Notice to End your Tenancy Because the Landlord Wants to Demolish the Rental Unit, Repair it or Convert it to Another Use** will be issued to households directly impacted by regeneration activities at least four (4) months in advance of regeneration construction activities. The notice will include a deadline for moving out of the unit.

YES  NO

### 3. Right To Return

I understand that I will be eligible to exercise the **Right To Return** to my community/ waive the right to return to remain in their relocation unit. Only households with a signed Relocation Agreement will be eligible for the right to return to the community, subject to the terms set out in their Relocation Agreement, and provided they continue to meet the requirements of a tenancy in good standing. Please refer to Tenant Relocation Procedure.

YES  NO

### 4. Moving Assistance

I understand that LMCH will provide moving assistance as required and outlined in the Tenant Relocation Procedure. I will work with LMCH staff to create an individualized relocation plan that suits my family's needs.

YES  NO



## TENANT RELOCATION ASSISTANCE PLAN

The Tenant Assistance Plan is intended to help tenants relocate to a suitable family home. LMCH staff will consider the of special circumstances for relocating families incl. moving expenses should be provided by LMCH for the initial relocation as well as if tenant has indicated to return to community on a case-by-case basis.

Special circumstances are not limited to, but include:

1. Specific housing needs due to disability (physical/and or mental health challenges)
2. Providing professional movers with cost covered
3. Language barriers needing interpretation or appropriate support

*Please list any considerations that may be helpful in order to provide appropriate relocation assistance for you:*



*LMCH Staff comments and updates:*

LEASE HOLDER SIGNATURE: \_\_\_\_\_

LEASE HOLDER NAME: \_\_\_\_\_

TENANT ADDRESS: \_\_\_\_\_

LMCH STAFF SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_



**STAFF REPORT 2021-BOD-55**

TO: LMCH Board of Directors

FROM: Joseph Bonasia, KPI & Business Analyst

SUBJECT: Key Performance Indicators (KPIs)

DATE OF SUBMISSION: Nov 2, 2021

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**RECOMMENDATION:**

That, on the recommendation of the KPI and Business Analyst, the following report **BE RECEIVED** for information purposes.

**REASONS FOR RECOMMENDATIONS:**

A new reporting format and schedule has been approved by the LMCH Board of Directors (BOD). This report honors this new reporting structure.

**Appendix A** is the newly reformed LMCH BOD KPI summary, with unaudited, preliminary Q3 2021 data. **Appendix B** is the data dictionary for LMCH BOD reported KPIs. **Appendix C** is the list of Strategic Goals, outlined in the 2017-2020 LMCH Strategic Plan

Review of the financial and capital processes and corresponding performance metrics will continue into Q4 as part of our efforts to improve efficiency and drive value in the organization. Further review of community development KPIs as well as a thorough overview of our current KPI landscape will carry on into Q4 2021. Review for Implementation of potential software upgrades will also continue.

**SIGNATURE:**

PREPARED and SUBMITTED BY:	
JOSEPH BONASIA KPI & BUSINESS ANALYST	
REVIEWED and CONCURRED BY:	REVIEWED and CONCURRED BY:
DIANA TAPLASHVILY DIRECTOR FINANCE & CORPORATE SERVICES	PAUL CHISHOLM CHIEF EXECUTIVE OFFICER



Category/Metrics	Q2 2021		Q3 2021		Q3 2020		Target	Variance	Var. %	2020 Trend
	Previous Quarter	Current Quarter	Previous	Year	Variance	Var. %				
<b>Human Resources KPI Metric Summary</b>										
Full Time Staff	71	74	72.11	1.89	2.56%	92	-18	-24.32%		
Full Time Equivalent (FTE) <sup>Ω</sup>	73.18	75.13	73.92	1.21	1.61%	93.08	-17.95	-23.89%		
Staff Capacity Percentage	91.55%	86.23%	84.42%	1.81%	2.10%	90.00%	-3.77%	-4.37%		
Business Case 19 Related Hires	14	14	4	10	71.43%	19	-5	-35.71%		
<b>Finance, Information Technology and Data Science KPI Metric Summary</b>										
Surplus/(Deficit)	\$603,842.00	\$924,114.88	\$1,049,663.00	(\$125,548.12)	-13.59%	0	\$924,115	100.00%		
Rent Arrears	\$355,822.00	\$303,952.39	\$393,095.00	(\$89,142.61)	-29.33%	\$375,000	(\$71,048)	-23.37%		
Rent Collection Percentage	94.15%	\$0.97	95.65%	1.00%	1.04%	95.00%	1.65%	1.71%		
Percentage of Tenants in Good Financial Standing	86.70%	\$0.86	83.66%	2.42%	2.81%	85.00%	1.08%	1.25%		
Data Completion Percentage	97.98%	93.94%	100.00%	-6.06%	-6.45%	99.00%	-5.06%	-5.39%		
<b>Tenant Services KPI Metric Summary</b>										
Total Evictions	6	17	14	3	17.65%	12	5	29.41%		
Average Length of Tenancy for Current Tenants <sup>*</sup>	-	-	-	-	-	-	-	#VALUE!	-	
Units Leased	82	79	81	-2	-2.53%	100	-21	-26.58%		
<b>Property Services KPI Metric Summary</b>										
Total Vacant Units	137	164	137	27	16.46%	100	64	39.02%		
Total Vacancy Rate	4.17%	5.00%	4.17%	0.83%	16.51%	3.00%	2.00%	40.00%		
Cost of Vacancy <sup>†</sup>	\$108,000	\$119,070	\$97,470	\$21,600	18.14%	\$81,000	\$38,070	31.97%		
<b>Regeneration and Capital KPI Metric Summary</b>										
Percentage Spent vs Approved Budget	10.30%	15.70%	47.01%	-31.31%	-199.43%	25.00%	-9.30%	-59.24%		

'Average Length of Tenancy' Included in Q4 Report, 'FCI Score' Summary Included in Q1 Report.  
 'Staff Capacity Percentage' is removed and replaced with 'Full Time Staff' and 'Full Time Equivalent (FTE)'.  
 'Percentage Spent vs Approved Budget' has been adjusted to reflect projects with anticipated spend in 2021.  
 Ω Derivation excludes On Call Manager Hours  
 † Derived from KPMG 'Cost of Vacancy' Metric.

All variance analysis is with respect to current quarter values.

## Appendix B: LMCH Board of Directors KPI Data Dictionary

### Human Resources KPI Metric Summary

Full Time Staff – The number of full-time employees at the end of the reporting period

Full Time Equivalent (FTE) – Quarterly average FTE based on overtime hours, with respect to work (paid) days for a given period

Staff Capacity Percentage – The Percentage of Staff working relative to workable days for a given period

Business Case 19 Related Hires – The number of accumulated LMCH staff related to Business Case 19 for a given period.

### Finance, Information Technology and Data Science KPI Metric Summary

Surplus/(Deficit) – The amount leftover /(excess of expenditure) compared to budget for a given period.

Rent Arrears – Total money owing by tenants for rent, for a given period.

Rent Collection Percentage – The percentage of tenant rent collected with respect to amount owing, year-to-date for a given period

Percentage of Tenants in Good Financial Standing – The number of tenants whom are current with rent charges for a given period

Data Completion Percentage – The percentage of data retrieved to total, complete data at period end for a given period

### Tenant Services KPI Metric Summary

Total Evictions – The total number of evicted LMCH tenants for a given period.

Average Length of Tenancy for Current Tenants – The time duration as an LMCH tenant (Current) for a given period

Units Leased – The total number of units rented for a given period.

### Property Services KPI Metric Summary

Total Vacant Units – The total number of vacant units for a given period.

Total Vacancy Rate – The percentage of the total vacant units with respect to our total LMCH portfolio count (3282) for a given period

Cost of Vacancy – The cost due to lost rent revenue on vacant units for a given period

### Regeneration and Capital KPI Metric Summary

Percentage Spent vs Approved Budget –  $(\text{Money Spent}/\text{Approved Budget}) \times 100\%$  For projects with anticipated spend within the reporting year

FCI Score – The percentage within each FCI score status (“Excellent”, “Very Good”, “Good”, “Fair”, “Poor”, “Deficient”) for a given period.

## Appendix C: Strategic Goals per LMCH 2017-2020 Strategic Plan

### **A Improve, renew and maintain the homes that we offer**

- 1) Develop an asset strategy with the intent to have “a shovel in the ground”
- 2) Ensure capital improvements relate to the annual capital plan and long term capital replacement strategy
- 3) Improve building conditions to make them more functional

### **B Invest in people to build long-term organizational capacity**

- 1) Strategically align HR processes to support organizational goals and clarity
- 2) Align people, systems and functions to fulfil our growth strategy
- 3) Identify and develop leadership capacity among our People
- 4) Enhance our culture to support emotional health, physical safety and well-being

### **C Stake out our critical role in supporting housing stability and preventing homelessness**

- 1) Inform and influence London housing policy, intake, waitlist needs assessment and supports
- 2) Engage key community “stakeholders” to help them understand that LMHC is an integral part of the solution to prevent homelessness and support housing stability
- 3) Change the public narrative to better inform and gain support for LMHC services; positively influence perceptions and develop a broader narrative
- 4) Advocate for LMHC housing, supports and appropriate, sustainable funding
- 5) Advocate for housing system change, e.g., RGI, connecting supports to residents, legislation change

### **D Engage, Assist & Empower Tenants**

- 1) Create a Tenant engagement strategy
- 2) Foster housing stability by providing tenant onboarding and education programs
- 3) Expand and improve tenant communication channels

### **E Organizational Effectiveness**

- 1) Establish an Organizational Communication Strategy to address internal and external communication needs
- 2) Update and streamline organizational systems to offer better customer service and expand organizational capacity
- 3) Create a Governance Model to best support LMHC Operations
- 4) Develop an organizational evaluation framework

### **F Long-term financial growth and stability**

- 1) *Establish a comprehensive financial plan*
- 2) *Fund the implementation of the Strategic Plan and create new funding tools and revenue streams to ensure ongoing financial sustainability*

### **G Maximize Information and Technology for informed decision making**

- 1) Create an information technology strategy that forms a digital business model for the way we work and provide digital services for our tenants and our people
- 2) Utilize cloud-based services where it will improve efficiency and is cost effective that enables our tenants to self-serve to our services.
- 3) Invest in IT to deliver high performing systems that meet the changing needs of the organization and our tenants, to drive efficiency and effectiveness.
- 4) Adopt, where appropriate, industry recognized standards to manage and protect our information technology assets, and to ensure services are efficiently and effectively managed and developed.

## STAFF REPORT 2021-BOD-56

TO: LMCH Board of Directors

FROM: Bushra Walji, Finance Manager

SUBJECT: Sep 2021 (Q3) Financial Results Summary - Operating

DATE OF SUBMISSION: October 29, 2021

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### RECOMMENDATION:

That the September 2021 Financial Performance Results and its Operating Summary Report **BE RECEIVED** for information.

### REASONS FOR RECOMMENDATIONS:

The following report provides a high-level and detailed analysis of LMCH's September 2021 Operating Financial Results.

The YTD operating results on September 30, 2021, ended with an operating surplus of \$924,115. A favourable result of \$714,985 to budget.

The surplus is comprised of favorable variance of \$324,519 in Utilities due to \$306,796 energy rebate received from Enbridge and a positive trend in rental revenues as well as Sundry and other revenue accounting for most of \$172,527 favorable variance in total revenues. Delay in planned hiring resulted in reduced spending by \$333,011 in salaries and benefits.

We continue to experience high demand for maintenance and repair services and in Q3 Plumbing, Heating & Ventilation repairs reported unfavorable variance of (\$172,794) and (\$67,904) respectively and with Waste removal by (\$24,552) due to increase in Service Contract fees by 10% in Q3. Unfavorable variance of (\$55,165) is also reported in Building General and is driven by unit turnover spending. While vandalism had unfavorable variance of (\$6,324) due to increased graffiti removal at various sites. There has also been an increased need for stoves and fridges replacements in several properties resulting in unfavorable variance of (\$67,823) in Equipment. Consulting services related to Property taxes assessment pushed the Corporate and other costs to unfavourable position of (319,645) in Q3.

Unfavorable variances were partially offset by favorable variance in Pest Control, Painting, Landscaping, Electrical and Elevators services at \$94,613, \$115,969, \$99,300, \$57,646, and \$14,637 respectively.

Please see the attached report for high-level and detailed analysis.

**Appendix A – September 2021 Operating Results**

**SIGNATURE:**

PREPARED and SUBMITTED BY:	
BUSHRA WALJI FINANCE MANAGER	
REVIEWED and CONCURRED BY:	REVIEWED and CONCURRED BY:
DIANA TAPLASHVILY DIRECTOR FINANCE & CORPORATE SERVICES	PAUL CHISHOLM CHIEF EXECUTIVE OFFICER

**LONDON MIDDLESEX COMMUNITY HOUSING**

Income Statement as at  
(Unaudited)

30-Sep-2021

	2021 YTD Actuals	2021 YTD Budget	Variance from Budget Better (Worse)	% Var to Budget	2020 YTD Actuals	Variance from 2020 Better (Worse)	% Var to 2020	YTD Variance Explanations
<b>OPERATIONS</b>								
<b>Revenue</b>								
Rental Revenue	3,086,317	3,032,319	53,998	1%	3,032,319	53,998	1%	
Tenant Recoveries	125,420	133,098	(13,678)	-10%	140,363	(15,544)	-11%	
Net Bad Debt Writeoffs	(256,247)	(239,250)	43,003	-14%	(251,835)	(4,412)	2%	
Antenna Licenses	110,236	113,017	(2,781)	-2%	104,248	5,388	6%	
Interest	20,505	13,006	7,499	58%	13,006	7,499	58%	
Sundry & other revenue	161,171	76,687	84,484	110%	112,687	48,484	43%	
Municipal Base Funding	3,888,332	3,888,331	1	0%	3,351,485	536,847	6%	
<b>Total Revenue</b>	<b>19,135,734</b>	<b>18,363,207</b>	<b>172,527</b>	<b>1%</b>	<b>18,502,874</b>	<b>632,860</b>	<b>3%</b>	
<b>Expenditures</b>								
Salaries, wages & benefits	<b>4,649,587</b>	<b>4,382,598</b>	<b>333,011</b>	<b>7%</b>	<b>4,598,988</b>	<b>(50,598)</b>	<b>-1%</b>	Delay in hiring for new positions.
Maintenance, materials and services								
Roofing	12,614	53,500	40,886	76%	26,311	13,697	52%	
Building, general	665,365	610,800	(55,165)	-9%	635,767	(30,138)	-5%	Q3 Cost is driven by move out repairs at 1504-85 Walnut, 401 Albert St and routine roof repairs to extend life span at McNay Site.
Cleaning	666,800	672,000	5,200	1%	643,334	(23,466)	-4%	
Pest Control	430,388	525,600	94,613	18%	358,704	(72,283)	-20%	
Elevators	123,363	144,000	14,637	10%	133,508	4,145	3%	
Electrical	143,154	200,800	57,646	29%	135,450	(7,704)	-6%	
Equipment	76,823	3,000	(67,823)	-754%	88,373	12,155	14%	Stoves and Fridges for Simcoe, Kent, Walnut, Albert, William, Wharnclyffe & other locations
Landscaping & parking lot mtc	221,700	321,000	99,300	31%	183,767	(37,934)	-21%	
Mold								
Snow Removal	483,052	380,000	(103,052)	-29%	333,084	(143,368)	-44%	Due to heavy snow falls and frequent salting.
Life safety systems	142,154	146,250	4,096	3%	33,183	(48,366)	-53%	Fire safety provider identified some deficiencies need to be addressed before certification.
Heating & ventilation	153,104	85,200	(67,904)	-80%	253,133	100,029	40%	Failed furnace and heating systems replacements/repairs in Q1'21
Plumbing	478,794	306,000	(172,794)	-56%	364,175	(114,619)	-31%	Drain issues and leaks repairs.
Painting	163,031	273,000	115,369	42%	134,246	31,216	16%	
Vandalism	42,324	36,000	(6,324)	-18%	18,758	(23,566)	-126%	Cost is driven by increased Graffiti removal at various sites.
Waste Removal	272,802	248,250	(24,552)	-10%	185,311	(87,491)	-47%	Costs driven by increase in Service contracts by 10%
Security	436,824	460,830	24,006	5%	304,631	(132,194)	-43%	
Social & recreational programs	17,242	73,165	55,323	76%	14,711	(2,531)	-17%	
Sundry materials & services	52,418	31,020	38,602	42%	46,507	(5,312)	-13%	
	<b>4,595,152</b>	<b>4,642,415</b>	<b>47,263</b>	<b>1%</b>	<b>4,019,624</b>	<b>(575,528)</b>	<b>-14%</b>	

**LONDON MIDDLESEX COMMUNITY HOUSING**  
**Income Statement as at**  
**(Unaudited)** **30-Jun-2021**

	2021 YTD Actuals	2021 YTD Budget	Variance from Budget Better (Worse)	% Var to Budget	2020 YTD Actuals	Variance from 2020 Better (Worse)	% Var to 2020	YTD Variance Explanations
<b>Utilities</b>								
Electricity	1,242,348	1,280,780	37,832	3%	1,255,666	12,719	1%	
Water Heater Rental	183,028	181,575	(1,453)	-1%	178,014	(5,014)	-3%	
Water	1,050,890	1,053,092	2,202	0%	1,032,443	(18,447)	-2%	
Natural Gas	676,348	656,090	(20,858)	-3%	643,225	(33,723)	-5%	
Energy Savings Rebate	(306,796)	-	306,796		238,705	545,502	229%	Energy Rebate from Enbridge for Walnut St, Simcoe St., McNay St. and Dundas St locations.
	<b>2,847,017</b>	<b>3,171,536</b>	<b>324,519</b>	<b>10%</b>	<b>3,348,054</b>	<b>501,037</b>	<b>15%</b>	
<b>Property</b>								
Insurance	531,151	589,544	(1,607)	0%	514,253	(76,898)	-15%	
Municipal taxes	3,829,344	3,845,610	16,266	0%	3,763,662	(65,682)	-2%	
Mortgage payments (Bella St.)	41,739	41,739	-	0%	35,153	(6,586)	-19%	
	<b>4,462,234</b>	<b>4,476,893</b>	<b>14,659</b>	<b>0%</b>	<b>4,313,068</b>	<b>-149,166</b>	<b>-3%</b>	
<b>Administration</b>								
Corporate and other costs	1,046,633	726,387	(319,645)	-44%	390,256	(56,376)	-6%	Consulting Services related to Property Taxes reduction.
Transportation & Communication	234,374	265,066	30,092	11%	232,558	(2,416)	-1%	
Supplies & equipment	326,932	376,083	49,151	13%	244,462	(82,470)	-34%	
	<b>1,608,539</b>	<b>1,368,136</b>	<b>-240,402</b>	<b>-18%</b>	<b>1,467,276</b>	<b>(141,262)</b>	<b>-10%</b>	
<b>Total Expenditures</b>	<b>18,162,529</b>	<b>18,641,578</b>	<b>479,050</b>	<b>3%</b>	<b>17,747,012</b>	<b>-415,518</b>	<b>-2%</b>	
<b>Net (deficit) surplus from Operations</b>	<b>973,205</b>	<b>321,629</b>	<b>651,576</b>	<b>203%</b>	<b>755,862</b>	<b>217,343</b>	<b>29%</b>	
Extraordinary Losses - Fire, wind etc.	49,090	112,500	63,410	56%	183,640	134,550	73%	Improved control over Insurance Claims process
<b>Net (deficit) surplus from Operations after Extraordinary Losses</b>	<b>924,115</b>	<b>209,129</b>	<b>714,985</b>	<b>342%</b>	<b>572,223</b>	<b>351,892</b>	<b>61%</b>	

## Staff Report 2021-BOD-57

**TO:** LMCH Board of Directors

**FROM:** Diana Taplashvily, Director Finance and Corporate Services

**SUBJECT:** Yardi – Property Management and Asset Management Software

**DATE OF SUBMISSION:** November 9, 2021

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### **PURPOSE:**

To seek Board Approval to upgrade the Property Management Software used by LMCH for key business functions across the organization including Tenancy Management, Property Management and Finance.

### **RECOMMENDATION:**

That the Board of Directors receive this report and approves the following recommendations:

1. Approve LMCH to enter into a new software agreement with YARDI for YRDI 7S with an incremental increase in operating expenses of approximately \$44,646 annually.
2. Approve LMCH to enter into an agreement with YARDI that includes transition services and supports required for deployment of up to \$99,250 as a one-time cost
3. Authorize the Chief Executive Officer and LMCH staff to take the necessary actions to give effect to the above recommendations.

### **BACKGROUND:**

LMCH has used Property Management Software from YARDI Systems for more than 10 years. LMCH transitioned from YARDI 4.6 to a version of YARDI being deployed to small and mid-sized housing providers through sector organization Housing Services Corporation in 2016. The new product, known as 'InSite', allowed LMCH to transition to an updated version of the YARDI software at a low cost through a collaborative implementation process that reduced cost of transition.

The transition to InSite also limited access to some features of YARDI, required LMCH to align with common features like using a common set of accounts for the General Ledger and limited administrative control in the system. In late 2020 HSC advised users that they will be transferring license agreements and support for the InSite system back to YARDI. While YARDI maintains support for the InSite system, the existing shared deployment model (multiple providers using a common version of the software, sharing the database, requiring consensus for change and no ability to add additional features/functionality) no longer meets the needs of LMCH.

LMCH requires the Property Management Software used in the organization to enable and support business transformation. LMCH staff have determined that the move from the InSite version of YARDI to a standalone version of YARDI will enable this objective.

## REASON FOR RECOMMENDATION

LMCH has set a number of objectives to be met when the review of the software was initiated:

- Improve Internal Controls and Reporting to support:
  - Monitoring and reporting on Key Performance Indicators
  - Assist staff in managing day to day operations
  - Enhanced oversight on Capital Projects
  - Improved Financial Controls
- Leverage Software to better manage internal workflow, reduce touch points in internal processes and reduce dependency on manual processes.
- Support delivery of key cornerstone programs including Reimagine Southdale and the CMHC Co-Investment Program.

YARDI Property Management Software offers a product set that offers housing providers access to multiple modules that build on international best practices in the sector, are designed to meet the service system requirements in Ontario (Housing Services Act, Residential Tenancies Act and service manager reporting) and allow the individual providers using the system to create workflows and reports that respond to their unique needs.

Early in 2021 LMCH started conversations with Yardi on property management software functionalities and the potential to transition to a full version of Property Management Software Voyager 7S, as current InSite product did not support required automation and is very labour intensive, prone to manual mistakes and lacks flexibility to accommodate growing reporting needs.

On October 4, 2021, former Board Chair Phil Squires approved a briefing note on this transition. That included initial estimates on incremental costs increases anticipated as well as the cost of the transition support to be provided by YARDI.

Through the ongoing negotiations LMCH staff have finalized the modules required and confirmed the additional costs required to support this transition.

- YARDI SaaS Property Management System will provide the property management functions LMCH uses today with improved flexibility on reporting, workflow management and automation that will support Business Transformation. (Cost increase \$15,144)
- The Construction Manager Module will be added to support enhanced monitoring and reporting on capital projects to improve oversight on the CMHC Co-Investment Program as well annual capital investments (Cost Increase \$19,668).
- Yardi Document Management for SharePoint will support reduce touch points on documents and support improved automated workflows and file management

(Cost Increase \$9,834) see full cost breakdown in Appendix A.

- LMCH is proposing to engage Yardi professional services for the database migration, upgrade, and implementation of the new product modules. Labour requirements of Yardi team are currently estimated at 484 hours over the course of 26 weeks (Cost estimate \$99,250, refer to Appendix B for details).
- Additional benefits of the transition include:
  - The Legal Module will allow staff improve functionality for staff to issue RTA notices to tenants.
  - Access to Client Central, a knowledge hub, to support staff learn and troubleshoot the YARDI Products.
  - YARDI Aspire is a learning management system that will be made available at no cost for the first 12 months (2022).
- YARDI 7S will also allow LMCH to add additional features and modules in the future to further support business transformation:
  - Tenant portals for communication, maintenance requests and subsidy administration;
  - Vendor portals to support invoicing, vendor payment and compliance monitoring;
  - Asset Management Modules.

Planned project kick off time is December 2021 with expected roll out at the end of Q2 2022.

## FINANCIAL IMPACT

The cost of the 2022 software license for the InSite product is estimated at \$63,527. A move to the Yardi Platform will increase this cost to \$108,174 Annually. This increase of \$44,646 along with the estimated cost of \$99,250 to support transition and implementation will be covered through core funding and falls within the Provisional Budget for 2022 under Administration costs.

## SIGNATURE:

PREPARED and SUBMITTED BY:	REVIEWED and CONCURRED BY:
DIANA TAPLASHVILY DIRECTOR FINANCE & CORPORATE SERVICES	PAUL CHISHOLM CHIEF EXECUTIVE OFFICER

## Appendix A – Yardi License Cost

SaaS Select Annual Fees						
License	Unit of Measure (UOM)	Count	\$/UOM	\$/UOM Concession	Net \$/UOM	Annual Fee
Voyager SaaS Select Property Management	Unit	3,278	\$30.00	(\$6.00)	\$24.00	\$78,672.00
Social Housing	Unit	3,278	\$12.00	(\$12.00)	\$0.00	\$0.00
Construction Manager	Unit	3,278	\$10.00	(\$4.00)	\$6.00	\$19,668.00
Canadian Residential Regional Module	Unit	3,278	\$5.00	(\$5.00)	\$0.00	\$0.00
MPAC	Unit	3,278	\$5.00	(\$5.00)	\$0.00	\$0.00
Yardi Document Management for SharePoint	Unit	3,278	\$5.00	(\$2.00)	\$3.00	\$9,834.00
Legal	Unit	3,278	\$5.00	(\$5.00)	\$0.00	\$0.00
Yardi Aspire Premium	Unit	3,278	\$10.00	(\$5.00)	\$5.00	\$16,390.00
<b>Total</b>						<b>\$124,564.00</b>

One-Time Concessions	
Concession	Concession
Total Strategic One-Time Concession	(\$16,390.00)

Total Fees Due	
Annual Fee for the period January 1, 2022 to December 31, 2022	\$124,564.00
Monthly Fee	TBD billed monthly
One-Time Concession	(\$16,390.00)
Sub-Total	\$108,174.00
Sales Tax	as applicable
<b>Total Due</b>	<b>\$108,174.00</b>

## Appendix B – LMCH Yardi Implementation Proposal

### London & Middlesex Community Housing Voyager Services Proposal



Task	PSG			CSD
	Project Oversight	Core Consultant	Total	DB Purge/ Pymt Proc
<b>1.0 Project Oversight and Coordination</b>				
1.1 Conduct kickoff meeting	4	4	8	
1.2 On-going project administration, meetings and oversight	78	26	104	
<b>2.0 Database Purge to New Instance of 7S</b>				
2.1 Review business requirements		24	24	
2.2 Core team training		24	24	
2.3 Review system design and setup		24	24	
2.4 Conduct Initial database purge #1		0	0	X
2.5 Initial testing of purged database (LMHC to test all functions used)		8	8	
2.6 System administrator training		16	16	
2.7 Security and menu setup assistance		8	8	
2.8 Issue resolution		8	8	X
2.9 Conduct Initial database purge #2		0	0	X
2.10 Issue resolution		8	8	X
2.11 UAT training		24	24	
2.12 Production environment preparation		4	4	
2.13 End user training		44	44	
2.14 Conduct final/live database purge #3		0	0	X
2.15 Post implementation support		24	24	
<b>3.0 Construction Manager with Job Cost - New Implementation</b>				
3.1 Review business requirements		16	16	
3.2 Core team training		16	16	
3.3 System design		24	24	
3.4 System creation and UAT		24	24	
3.5 System delivery & go live training		16	16	
<b>4.0 Additional Modules - New Implementation</b>				
4.1 Canadian Payment Processing - CSD		4	4	X
4.2 Document Management for SharePoint		40	40	
4.3 Aspire - Oversight		16	16	
<b>Total Hours</b>	<b>98</b>	<b>386</b>	<b>484</b>	
<b>Hourly Rate</b>	<b>\$ 225</b>	<b>\$ 200</b>		
<b>ESTIMATED TOTAL PER ROLE</b>	<b>\$ 22,050</b>	<b>\$ 77,200</b>	<b>\$ 99,250</b>	

## STAFF REPORT 2021-BOD-54

**TO:** LMCH Board of Directors

**FROM:** Paul Chisholm, Chief Executive Officer

**SUBJECT:** Resignation of Tenant Director

**DATE:** November 4, 2021

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### **PURPOSE:**

To inform the Board of Directors of the resignation of a Board Director (Tenant) Maria Manno and discuss follow up actions required.

### **RECOMMENDATION:**

That the Board of Directors:

1. Receive and formally accept the resignation of Maria Manno from the LMCH Board of Directors.
2. Authorize staff to prepare a letter of acknowledgement and of thanks for Maria Manno for the signature of the Board Chair or designate.
3. Authorize LMCH staff to take the necessary actions to inform the City Clerk of the resignation and to initiate the process to replace the Board Director (Tenant) in partnership with the City Clerk's Office of the City of London.

### **BACKGROUND:**

Through a governance review completed in 2021, the recommendations were made to increase the number of Directors appointed to the LMCH Board of Directors from seven (7) to nine (9). Specifically, the recommendations called for the appointment of two (2) tenants of LMCH to the Board of Directors. This recommendation was approved by the LMCH Board of Directors our Shareholder, the City of London.

The City Clerk's office at the City of London worked closely with the Board of Directors of LMCH to develop and implement a Board member application and selection process with key accountabilities as follows:

- The City Clerk would manage the official application process;
- LMCH would conduct additional outreach with tenants and community partners;

- The LMCH Board would develop and implement the process to evaluate the applications and make recommendations both Tenant and Community-At-Large directors;
- Once approved by the Board of Directors the names of Tenant and Community-At-Large Directors would be forwarded to the City Clerk;
- The City Clerk would bring the required reports through the approval process at the City

The new slate of Directors was formally approved on July 6, 2021, with the approval of By-law No. A-8135-201. The by-law includes the name of the Director and sets out their terms. Mario Manno was expected to serve as Director until “the close of the annual meeting of the Shareholders to be held in 2026 for the financial year ending December 31, 2025”.

**TENANT IMPACT:**

Having the experience, input, and perspective of a current tenants of LMCH on the Board of Directors is an important part in ensuring matters that come before the Board consider the needs of tenants and the community.

**FINANCIAL IMPACT:**

There are no additional financial impacts identified through this report.

**Attachments**

Attachment 1 – By-law No. A-8135-201

PREPARED and RECOMMENDED BY:
PAUL CHISHOLM, CHIEF EXECUTIVE OFFICER

Bill No. 293  
2021

By-law No. A.-8135-201

A by-law to ratify and confirm the Annual Resolutions of the Shareholder of London & Middlesex Community Housing Inc.

WHEREAS London & Middlesex Community Housing Inc. is incorporated under the *Business Corporations Act* R.S.O. 1990, c.B.16 (the “BCA”);

AND WHEREAS subsection 104(1)(b) of the BCA provides that a resolution in writing dealing with all matters required by the BCA to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at the meeting, satisfies all the requirements of the BCA relating to that meeting of shareholders;

AND WHEREAS The Corporation of the City of London is the sole shareholder of London & Middlesex Community Housing Inc.;

AND WHEREAS Subsection 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS Subsection 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Annual Resolutions of the Shareholder of London & Middlesex Community Housing Inc. for the fiscal year ended December 31, 2020, attached as Schedule “1” are ratified and confirmed.
2. The Mayor and the City Clerk are authorized to execute the Annual Resolutions of the Shareholder ratified and confirmed under section 1 of this by-law.
3. This by-law comes into force and effect on the day it is passed.

PASSED in Open Council on July 6, 2021.



Ed Holder  
Mayor



Barb Westlake-Power  
Deputy City Clerk

First Reading – July 6, 2021  
Second Reading – July 6, 2021  
Third Reading – July 6, 2021

## SCHEDULE “1”

### LONDON & MIDDLESEX COMMUNITY HOUSING INC. (the “Corporation”)

WHEREAS subsection 104(1)(b) of the *Business Corporations Act* (Ontario) (the “Act”) provides that a resolution in writing dealing with all matters required by the Act to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at the meeting, satisfies all the requirements of the Act relating to that meeting of shareholders;

The following special resolution, signed by the sole shareholder of the Corporation entitled to vote thereon, is hereby passed pursuant to the Act:

#### **FINANCIAL STATEMENTS**

It is hereby acknowledged that the balance sheet of the Corporation as at December 31, 2020, and the other audited financial statements, together with Auditors’ Report, of the Corporation for the financial year ended on such date have been received by the undersigned shareholder of the Corporation.

#### **ELECTION OF DIRECTORS**

WHEREAS the articles of the Corporation provide that the Corporation shall have a nine (9) directors;

NOW THEREFORE BE IT RESOLVED AS A RESOLUTION THAT:

1. The composition of the Board of Directors of the Corporation be set at nine (9) members appointed by the City of London Municipal Council as follows: two (2) members of City of London Municipal Council; one (1) member of the County of Middlesex Council; four (4) members of the community-at-large; and two (2) tenants of London Middlesex & Community Housing Inc;

2. In appointing members to the Board of Directors, consideration should be given to reflecting the diversity of the community that the London & Middlesex Community Housing Inc. serves and due regard should be given to the following qualifications of applicants to ensure that the Board collectively represents a range of relevant skills and expertise including with respect to:

- Knowledge of the field of social housing, including the legislative and regulatory environment governing social housing
- Financial and legal knowledge
- Experience in asset management, building sciences, construction, land development
- Property management
- Community development
- Labour relations
- Lived experience
- Corporate governance, including strategic planning, human resources
- Tenant support for individuals with unique needs (e.g. mental health, addictions, accessibility, violence, trauma, etc.)

The skillsets noted above set out an inventory of the ideal skills, experiences, expertise, and leadership characteristics that will help to guide the board recruitment and move the organization forward. The listing of qualifications reflects the spectrum of desired knowledge, experience and skillsets and should not be interpreted as a listing of priorities or primacy of importance.

3. The term of appointment of Board Directors reflects staggered appointments by class in order to support board and organization continuity, stability and knowledge transfer. The Directors shall hold office until their successor is elected. The following outlines the Directors terms:

Class	Director	Term
First	Aynsley Anderson	The close of the annual meeting of the shareholders to be held in 2022 for the financial year ending December 31, 2021
First	John Millson	The close of the annual meeting of the shareholders to be held in 2022 for the financial year ending December 31, 2021
Second	Tammy Brooks (Tenant)	The close of the annual meeting of the shareholders to be held in 2025 for the financial year ending December 31, 2024
Second	Shellie Chowns	The close of the annual meeting of the shareholders to be held in 2025 for the financial year ending December 31, 2024
Third	Maria Manno (Tenant)	The close of the annual meeting of the shareholders to be held in 2026 for the financial year ending December 31, 2025
Third	Gary Bezaire	The close of the annual meeting of the shareholders to be held in 2026 for the financial year ending December 31, 2025
Fourth	Adrian Cornelissen County of Middlesex	The term of Municipal Council – November 15, 2022
Fourth	TBD	The term of Municipal Council – November 15, 2022
Fourth	Councillor Phil Squire	The term of Municipal Council – November 15, 2022

Notwithstanding the Terms set out above for the period of one year from the date of appointment two (2) members of the Interim Board of Directors shall be appointed as First Class Directors.

Tenant and community-at-large directors shall serve staggered terms with a maximum number of reappointments of eight consecutive years in total. Reappointments for another term may be submitted to the Shareholder for consideration.

#### **APPOINTMENT OF AUDITORS**

4. KPMG LLP are hereby appointed auditors of the Corporation to hold office until the close of the next annual meeting of the shareholders or until a successor is appointed by the shareholder at such remuneration as may be fixed by the directors and the directors are hereby authorized to fix such remuneration.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

#### **The Corporation of the City of London**

By: \_\_\_\_\_

Name: Ed Holder

Title: Mayor

By: \_\_\_\_\_

Name: Catharine Saunders

Title: City Clerk

## STAFF REPORT 2021-BOD-61

**TO:** LMCH Board of Directors

**FROM:** Bill Leslie, Capital Projects and Construction Manager

**SUBJECT:** Contractor Award, Roof Evaluations RFP 2021- 0006

**DATE:** November 11, 2021

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### **PURPOSE:**

The purpose of this report is to seek the Board's approval to award a contract for roof evaluation at all LMCH properties in the City of London and Middlesex County based on the outcome of Request for Proposal ("RFP") 2021-0006.

Board's approval is required for this contractor award as it exceeds the \$75,000 financial approval limit of LMCH's CEO as set out in "Purchasing Policies and Guidelines".

### **RECOMMENDATIONS:**

It is recommended that the Board approve the following recommendations:

1. Approve the award of the work to IRC Sciences Group Building for \$79,600 (exclusive of taxes) roof evaluations at all LMCH properties in the City of London and Middlesex County based on the outcome of Request for Proposal (RFP) 2021-0006.
2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

### **REASONS FOR RECOMMENDATIONS:**

LMCH has 21 high rise apartments, 11 townhouse complexes and 62 scattered units. Project 2021-0006 includes work to do roof investigations and complete repairs or replacements on roofing systems where there is evidence of structural damage and or likelihood of possible water infiltration to the building.

The Scope of work includes:

- Review of Client provided information, drawings reports and concerns.
- General review of existing roof condition to determine assessment procedures.
- Determination of roof composition including core-cuts on all high-rise buildings.

- Detailed visual assessment of the roof area(s) to determine the condition considering the effects of aging and/or visible damage, inclusive with walking all roofs and Drone technology.
- Preparation of a roof drawing(s), indicating roof configuration, measurements and anomalies.
- Creation of a photographic record of the roof in general, location of services and equipment, roof penetrations, and specific areas of distress.
- Moisture detection within the roof system, if determined necessary.

Preparation of a Roof Condition Assessment providing the following:

- Summary of the visual assessment,
- Remediation recommendations relating to the determined condition,
- Budget costing and prioritization for proposed remediation,
- Photographic record,
- Roof Plan.

The information gained from these roofing system studies will allow LMCH to act proactively to prioritize needed repairs and will also be uploaded into the VFA system as accurate and reliable data for capital budget forecasting.

### **PROCUREMENT PROCESS:**

An RFP was issued on September 7, 2021 and closed on October 8, 2021. Six (6) submissions were received. The submissions were evaluated, factoring compliance to the tender, understanding of the project, timing, and price.

Upon evaluating the six (6) submissions, two (2) bids were removed from consideration with one bid falling far below average and the other being too high.

IRC Building Sciences Group submitted the successful bid and is being recommended for the work. Overall, IRC Building Sciences Group's submission satisfied all mandatory requirements and surpassed the standard required to permit consideration of its pricing proposal.

### **IMPLICATIONS AND RISKS:**

Schedule of completion is weather dependent. Not all work can be completed by end of year 2021. The LMCH Project Manager will work closely with IRC and focus on the roofs anticipated to be in the poorest conditions based on previous assessments, history of water leaks, etc. The first round of assessment reports will be provided in early Q1 2022. The second round of roof assessments will start again in the spring with reports expected in Q2 2022.

To mitigate risks, staff will continuously monitor the performance of the contractor during the project. All work is expected to be completed on the exterior of the buildings. Direct contact with tenants will be minimal.

**FINANCIAL IMPACT:**

The 2021 Capital Budget business unit LMH2619 - LMCH Infrastructure Gap, allocates \$862,000 for "Roof Investigations, Repairs and Replacements". Awarding this contract to IRC Building Sciences Group in the amount of \$79,600 +HST (\$89,948) will leave \$772,052 for use on immediate repairs and/or replacements as documented from the investigations.

PREPARED and SUBMITTED BY:	
Bill Leslie CAPITAL PROJECTS AND CONSTRUCTION MANAGER	
REVIEWED and CONCURRED BY:	REVIEWED and CONCURRED BY:
Phil Renaud DIRECTOR OF PROPERTY SERVICES	Paul Chisholm CHIEF EXECUTIVE OFFICER



## STAFF REPORT 2021-BOD-60

**TO:** LMCH Board of Directors

**FROM:** Paul Chisholm, Chief Executive Officer

**SUBJECT:** CMHC Co-investment Fund Agreements Approval Request

**DATE:** November 11, 2021

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### PURPOSE:

To seek authorization from the Board of Directors to execute the required documents to participate in the Canada Mortgage and Housing (CMHC) Co-Investment Fund. Providing access to up to \$24.6 million in the form of a repayable loan and up to \$15.5 million as a forgivable loan.

### RECOMMENDATION:

That the Board of Directors receive this report and approves the following recommendations:

1. Authorize LMCH to participate in the CMHC Co-Investment Fund providing access to up to \$24.6 million in the form of a repayable loan and up to \$15.5 million as a forgivable loan;
2. Approve the Credit Agreement, substantially in the form attached (Attachment 1), between CMHC, LMCH and the City of London;
3. Approve the Operating Agreement, substantially in the form attached (Attachment 2), between CMHC, LMCH and the City of London;
4. Approve the Account Security Agreement, substantially in the form attached (Attachment 3), between CMHC, LMCH and the City of London;
5. Approve the attached (Attachment 4) Resolution of the Board of Directors of London & Middlesex Community Housing Inc.;
6. Authorize the Board Directors to execute the Resolution of the Board of Directors of London & Middlesex Community Housing Inc (Attachment 4);

7. Authorize the Board Chair, Board Vice Chair and the LMCH CEO to execute required documents to participate in the program, including but not limited to, the Credit Agreement, the Account Security Agreement, and an Operating agreement; and
8. Authorize the appropriate Board Members and LMCH staff to take the necessary actions to give effect to the above recommendations.

## BACKGROUND:

Canada Mortgage and Housing Corporation's (CMHC) National Housing Co-Investment Program (Program) provides low-cost loans and financial contributions for the preservation and renewal of existing community housing supply. London and Middlesex Community Housing's (LMCH) portfolio is aging and requires significant capital investment. Under the Housing Services Act, LMCH is required to maintain the condition of units in a state of good repair that is fit for occupancy. CMHC Co-Investment funding provides an avenue to access significant levels of forgivable loans in conjunction with loan financing.

The Repair and Renew program developed by CMHC was established to prioritize partnerships between governments, non-profits and private sector, providing low-cost loans and/or forgivable loans at low-interest rates and long-term amortization. The focus of this fund is to revitalize assets by incorporating energy efficient measures, increase social and economic sustainability.

As part of the 2020-2023 Multi-Year Budget, LMCH submitted a business case to the City of London to support repairs and rehabilitation to LMCH housing units. Municipal Council approved Business Case #18 – LMCH Co-Investment with CMHC (Attachment 5). The business case included \$36.5 million in CMHC funding with \$14.6 million (40%) as a forgivable loan and \$21.9 million (60%) as a repayable loan. An additional \$0.5 million of City funding was also approved for a total investment of \$37.0 million.

The funding would address approximately 2,080 units (63% of the total LMCH portfolio). This includes eight (8) apartment buildings as well as five (5) townhouse communities (Attachment 6). By agreeing to participate in the program, LMCH commits to maintain the affordability of this housing for at least 20 years and will be required to meet or exceed the requirements set out below for these sites:

- 25% reduction in energy use and Greenhouse Gas Emissions
- A minimum of 20% (413) of units meeting accessibility standards; and
- Making common areas barrier free.

In February 2021, the LMCH Board authorized LMCH to sign a Letter of Intent (LOI) with CMHC to participate in this program (Attachment 7). This LOI was subsequently signed by our Shareholder, the City of London, in June 2021. The LOI set out the basic

program requirements and conditionally allocated \$40,136,090 in a combination of repayable and forgivable loans.

Since the original project plan was developed in 2019, LMCH staff have continued to adjust and refine the program to ensure it will deliver on the program requirements. Energy Modelling has been completed, accessible unit drawings have been developed and we are preparing to initiate the procurement of the services required to move these projects forward.

## REASONS FOR RECOMMENDATIONS:

The Project Plan developed by LMCH has remained focused on meeting the requirements of the CMHC Co-Investment Program and are aligned with the information shared with the City of London to support the approval of Business Case #18.

Key Deliverables of the Program will have a positive impact on the general state of repair of our properties and for those tenants living in the communities, including:

- The number of accessible units in the 8 apartment building sites will increase over 200% going from 133 to over 400 at the end of the program.
- Accessible units in these 8 apartments will meet current accessibility standards improving the quality of housing for tenants and applicants requiring accessible units.
- Common Areas of the 8 apartment buildings will be improved to ensure they are barrier free.
- Work on townhouse sites could include furnaces, tankless hot water heaters, windows and doors.
- Parking lot and sidewalk repairs will be completed ensure improved accessibility.

Additional outcomes anticipated through the Program include:

- Reduction of Greenhouse Gas Emissions by more than 25%;
- Annual Projected Energy Savings of \$370,000 annually;
- Energy Management System Upgrades at apartment sites to improve monitoring and energy efficient operations of the systems.

The CMHC Program sets out several requirements to secure funds. The table below outlines Program Criteria set by CMHC and LMCH's commitment to satisfy the requirements.

Program Criteria	LMCH Commitment
Energy and GHG reductions of 25%.	The firm Energy Efficiency Engineering conducted modeling to substantiate the energy projects completed within the last 3 years (solar walls, make up air replacement and exterior cladding) along with the new initiatives (ie. energy management system, furnace, hot water tank and window replacement) will provide energy savings of 25.5%, and the reduction of GHG emissions of 27% by 2027.
Increase accessible housing by 20%,	The selected portfolio assets represent 2082 units. LMCH is targeting to complete 416-unit modifications (20%) enhancing mobility within building units. Common area renovations will also be retrofitted to ensure enhanced mobility to laundry rooms, lounges, and entry ways. The scope of the retrofits will exceed the National Housing Minimum Standards for Existing Buildings which satisfies CMHC criteria.
Provide supportive programs	LMCH has several long-standing partnerships with CMHA (onsite direct tenant support), City of London Police (Joe League and Rookie Ball), Addiction Services (Addictions Supportive Housing Service), Western University (LiT), Nurse Practitioner-Led Clinic (NPLC) and Fanshawe College. These partnerships assist LMCH with providing direct support, programming, services, and mentorship to a diverse cross range of LMCH tenants (e.g. young children, teens, adults, and seniors)
Ensure housing locations are accessible to transit and social amenities as well as provide mixed-tenure or mixed-use developments	LMCH advanced assets are all located on transit routes providing rental opportunities within communities of a diverse cross-section of low-income individuals including families, seniors, adults, and new Canadians.
80% of the units in the project must be at or below the 30th percentile of rents in the subject market for units of a similar type	LMCH's units are Rent-Geared-to Income (RGI), the actual rent charged is 30% of the household's gross income. Units under the CMHC co-investment fund are charged 79% or less of London CMA average rents. This demonstrates that for nearly the entire advanced portfolio affordable rents will be maintain.

## LEGAL IMPLICATIONS:

CMHC requires LMCH to sign several legal documents in order to participate in the Program. LMCH staff and independent legal advisors (Cohen Highley LLP) worked closely with CMHC to receive clarification, discuss required amendments, and ensure that the requirements set out by CMHC were acceptable. Key program documents and agreements include:

### Credit Agreement

This Credit Agreement contains high level program requirements and the legal framework for receiving the funds. Both LMCH and the City of London have reviewed this document to ensure that the agreement requirements were acceptable and that key program requirements could be met. The City of London has recommended the City approve the Credit Agreement. LMCH staff are recommending the Board approve this credit agreement. Key requirements include:

- All three parties are required to sign this document:
  - CMHC – as Lender
  - LMCH – as Borrower
  - City of London – as Guarantor
- CMHC sets out the upper limits of funding available as up to \$40,136,090 with up to \$24,602,101 in repayable loans and up to \$15,533,989 in forgivable loans;
- CMHC has set out a requirement for a total capital spend of \$68,583,866 which they refer to as the 'Repair Program Budget'. LMCH must spend an additional \$28,447,776 in capital repairs on the portfolio to meet this requirement. This has been considered in the planning for participation in the Program and required increases were included in Business Case #12;
- CHMC has increased the amount of funding available through repayable and forgivable loans from the \$37.0 million approved through Business Case #18. This additional amount, beyond the approved amount, is optional and will require future Council approval if required;
- LMCH staff have designed the Program based on the budgeted amount in Business Case #18;
- LMCH is set to make its first draw by December 31, 2021 which will include Program staff expenditures to date, design, legal and evaluation costs required to prepare for Program implementation.
- Total portfolio investment must be completed prior to December 31, 2027, and the project plan is aligned to meet this requirement.
- Key Program requirements noted include:
  - Maintain housing affordability for at least 20 years.
  - Reduce energy consumption and greenhouse gas emissions by at least 25%
  - Ensure at least 20% of the units meet or exceed accessibility criteria set out in the program.

## Guarantee

This Guarantee is between CMHC and the City of London. As our sole shareholder, the City is required to guarantee the requirements set out in the Credit Agreement. LMCH is not a party to the Guarantee and it is being approved through the City approval report.

## Operating Agreement

This Operating Agreement contains many of the same requirements as set out in the Credit Agreement. LMCH staff are recommending the approval of this agreement.

## Account Security Agreement

LMCH is receiving funds direct from CMHC. CMHC requires this agreement to enable them to access Program funds advanced to LMCH should they determine the funds are not being allocated to approved Program expenses. LMCH recommends that the Board approve this agreement and notes:

- that the Account is used exclusively for the CMHC Program;
- that CMHC does not cashflow the Program so the account will not hold significant funds; and
- Funds will be requested though the Program will be certified by LMCH prior to requesting reimbursement from CMHC.

## Resolution of the Board

CMHC requires a resolution of the Board in the format drafted by LMCH legal representative and approved by CMHC (Attachment 4). The resolution is to be signed by all current directors and LMCH staff are recommending approval of this Resolution.

## CONCLUSION:

The agreements before the Board are required to participate in the CMHC National Housing Co-Investment Program. LMCH, the City of London and CMHC have been working on the application, program due diligence and finalization of Program participation since 2019. LMCH staff are recommending that the reports be approved by the Board and are confident that both the City of London and CMHC are moving through their required approval processes.

With the funding provided by CMHC and the ongoing support of the City of London LMCH is prepared to make significant investments into our communities that will improve the state of repair for tenants across much of our portfolio. These program funds, combined with our additional capital investments will have a positive impact for our current tenants, the communities they live in and future applicants who will need affordable housing options in the coming years.

PREPARED and SUBMITTED BY:	
Wendy Groves CONSTRUCTION & PROJECT MANAGER	
REVIEWED and CONCURRED BY:	REVIEWED AND CONCURRED BY:
Phil Renaud DIRECTOR OF ASSET MANAGEMENT AND PROPERTY SERVICES	PAUL CHISHOLM CHIEF EXECUTIVE OFFICER

## Attachment List

- Attachment 1 – Credit Agreement,
- Attachment 2 – Operating Agreement
- Attachment 3 - Account Security Agreement
- Attachment 4 – Board Resolution
- Attachment 5 - Business Case 18
- Attachment 6 - Portfolio Project Listing
- Attachment 7 – Letter of Intent

# ATTACHMENT 1

CREDIT AGREEMENT

CMHC File No.: 6280559

NRFC DRAFT: October 24, 2021

**LONDON & MIDDLESEX COMMUNITY HOUSING INC.**

as Borrower

- and -

**THE CORPORATION OF THE CITY OF LONDON**

as Guarantor

- and -

**CANADA MORTGAGE AND HOUSING CORPORATION**

as Lender

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**CREDIT AGREEMENT**

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Dated as of [●]

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## CREDIT AGREEMENT

**WHEREAS** the CANADA MORTGAGE AND HOUSING CORPORATION (“**CMHC**”) administers the National Housing Co-Investment Fund (the “**Program**”) as part of Canada’s National Housing Co-Investment Strategy.

**AND WHEREAS** in connection with the Program, CMHC has agreed to lend to London & Middlesex Community Housing Inc. (the “**Borrower**”) the Loans described herein to assist with the financing of repairs and renewal of Housing Units (as defined herein) that the Borrower and The Corporation of the City of London (the “**Guarantor**” and, together with the Borrower, the “**Credit Parties**” and each, a “**Credit Party**”) are undertaking on the terms and conditions hereinafter set forth in this agreement (this “**Agreement**”).

**NOW THEREFORE** the parties hereto, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby agree as hereinafter set forth.

### 1 INTERPRETATION

Schedule A contains the definitions of capitalized terms which are used in this Agreement.

### 2 LOANS

(a) Subject to the terms and conditions of this Agreement, CMHC hereby establishes in favour of the Borrower:

- (i) seven (7) repayable, non-revolving, fixed-rate loan facilities (the “**Repayable Loan Facilities**” and each, a “**Repayable Loan Facility**”) up to the respective annual commitment amounts described in the Drawdown Schedule (the “**Repayable Loan Commitment Amounts**” and each, a “**Repayable Loan Commitment Amount**”) and in an aggregate amount of up to \$24,602,101 for all the Repayable Loan Facilities (the “**Total Repayable Loan Commitment Amount**”), in each case in subject to any adjustment or reduction pursuant to the terms and conditions hereof, by way of multiple advances; and
- (ii) one (1) forgivable, non-revolving loan facility (the “**Forgivable Loan Facility**”, with the Repayable Loan Facilities and the Forgivable Loan Facility being referred to herein collectively as the “**Loan Facilities**”) up to the respective annual commitment amounts described in the Drawdown Schedule (the “**Forgivable Loan Commitment Amounts**” and, and each, a “**Forgivable Loan Commitment Amount**”) and in an aggregate amount of up to \$15,533,989 (the “**Total Forgivable Loan Commitment Amount**”), in each case subject to any adjustment or reduction pursuant to the terms and conditions hereof, by way of multiple advances,

with the Total Repayable Loan Commitment Amount and the Total Forgivable Loan Commitment amount being referred to herein in the aggregate as the “**Available Commitment**”.

(b) **Reduction of Available Commitment.**

- (i) If either CMHC or the Borrower becomes aware that the number of Housing Units in the Portfolio has dropped below the Minimum Unit Count at any time prior to all of the Loans being fully advanced (including by way of a notification and/or updated Repair Properties List delivered by the Borrower pursuant to Section 14(c)), then the Available Commitment will be reduced from and including the immediately following calendar year on a *pro rata* basis (based on the ratio of (i) the decrease

in the number of Housing Units below the Minimum Unit Count to (ii) the Minimum Unit Count), such reduction to be applied on a *pro rata* basis to the Repayable Loan Commitment Amounts and the Forgivable Loan Commitment Amounts for each period from and including the immediately following calendar year. CMHC will adjust the Drawdown Schedule for the immediately following calendar year and each succeeding calendar year accordingly based on the revised amount of the Available Commitment and will deliver a revised Drawdown Schedule to reflect the adjustments.

- (ii) If the actual costs for carrying out the Repair Program is (or in the sole opinion of CMHC, acting reasonably, will be) less than the costs set out in the Repair Program Budget (as received and approved by CMHC as at the date hereof), and to the extent such costs (if incurred) would have been financed by a Drawdown hereunder, then CMHC may, in its sole discretion, reduce the Available Commitment by the same proportion as the decrease in actual costs relative to those set out in such Repair Program Budget, from and including the immediately following calendar year on a *pro rata* basis.
- (c) **Purpose of Loans.** The Loans shall be used in respect of the financing of the Repair Program and shall not be used for any other purpose. For the avoidance of doubt, permitted use of the Loans may include physical improvements to the Portfolio of any kind (including but not limited to mechanical systems improvement, exterior cladding replacement, elevator replacements, roof replacements, in-suite refurbishments or upgrades, entrance and common ground renovations and modifications, garage refurbishments, balcony replacements, electrical and lighting component replacements and upgrades, or other similar building improvements and repairs or maintenance work on the properties). Soft Costs related to foregoing are permitted, but may not be used for general operating costs.
- (d) **Availability.** Following the Closing Date, the Borrower may borrow up to the amount of the Available Commitment in accordance with the terms hereof including the Drawdown Schedule, provided that an Event of Default shall not have occurred and be continuing and the other conditions precedent to Drawdowns hereunder have been satisfied at the time of any Drawdown.
- (e) **Expiration of Commitment.** If the first advance of the Repayable Loan under any one Repayable Loan Facility and the first advance of the Forgivable Loan under the Forgivable Loan Facility have not been made by December 31, 2021, then CMHC's obligation to make the Loans under the Repayable Loan Facilities and under the Forgivable Loan Facility shall end at CMHC's sole and absolute discretion.

### 3 DRAWDOWNS UNDER LOANS

- (a) This Agreement will become effective on the Closing Date and thereafter the Borrower may request advances (each, a "**Drawdown**") under the Loan Facilities in accordance with the Drawdown Schedule and as provided for hereunder. Each Drawdown must:
  - (i) include a contemporaneous *pro rata* Drawdown of the then current Repayable Loan Facility and up to the then current Forgivable Loan Commitment Amount of the Forgivable Loan Facility (based on the relative proportions thereof) as set out in the Drawdown Schedule; and
  - (ii) be proportionate to contemporaneous drawdowns or contributions under funding from the Guarantor and other funding sources, in accordance with the Drawdown Schedule, such that, as at December 31, 2027 (as evidenced by the delivery of the annual financial reports and financial statements provided to CMHC pursuant to

Section 13(a)(ii) and (c) in respect of the 2027 fiscal year), the aggregate outstanding principal amount of all Loans will not cause the CMHC funding proportion of the aggregate principal amount of all funding by CMHC, the Guarantor and other funding sources (pursuant to any Co-Investment Agreements or otherwise) of Repair Program Costs that the Borrower has expended or that have been invoiced to the Borrower in respect of only Completed Work under the Repair Program, to exceed the Maximum CMHC Funding Proportion.

- (b) For the avoidance of doubt, unless CMHC otherwise agrees in its sole and absolute discretion, the Borrower must draw down the entire amount of each Repayable Loan Facility and the entire annual Forgivable Loan Commitment Amount of the Forgivable Loan Facility within the calendar year sequentially as specified in the Drawdown Schedule prior to requesting a Drawdown under the next Repayable Loan Facility and corresponding annual Forgivable Loan Commitment Amount of the Forgivable Loan Facility allocated to the following calendar year, in accordance with the Drawdown Schedule.
- (c) Subject to the provisions of this Agreement, the Borrower may make Drawdowns under the Loan Facilities by providing CMHC with a notice (a “**Drawdown Notice**”) in substantially the form attached to this Agreement as Schedule B. Each Drawdown shall not be less than \$50,000 and will be conditional upon satisfaction of all conditions precedent on or prior to the date that the Borrower deliver a Drawdown Notice to CMHC and, as applicable, on the date of the Drawdown. Each Drawdown Notice given by the Borrower hereunder is irrevocable.
- (d) Unless otherwise agreed to by CMHC in writing, the Borrower shall make the initial Drawdown under this Agreement on any Thursday (or the next Business Day if the Thursday is not a Business Day) in the month following the Closing Date. Thereafter, the Borrower will not be entitled to make Drawdowns more frequently than once per quarter, which shall occur on any Thursday (or the next Business Day if the Thursday is not a Business Day) in the month, or as otherwise agreed to in writing by CMHC. Drawdowns shall only be requested and made in respect of reimbursement of Repair Program Costs that the Borrower has expended (or for which the Borrower has been invoiced) in respect of Completed Work.
- (e) The Borrower must provide CMHC with a copy of the Drawdown Notice at least ten (10) Business Days prior to the proposed date of the first Drawdown, and at least ten (10) Business Days prior to any subsequent Drawdown (each, a “**Drawdown Date**”). A Drawdown Date must be a Business Day. Each Drawdown Notice must be delivered to CMHC by the Borrower on or prior to 4:00 p.m. (Ottawa time) on a Business Day.
- (f) Each Drawdown shall be advanced by CMHC into a segregated depository account designated by the Borrower in respect of the Repair Program, the particulars of which have been provided to CMHC (the “**Repair Program Funding Account**”).

#### 4 INTEREST

- (a) Following the delivery by the Borrower of the first Drawdown Notice and before the first Drawdown Date, CMHC will, in its sole and absolute discretion, calculate the Interest Rate for the applicable Repayable Loan Facility. CMHC’s confirmation of the Interest Rate shall be delivered to the Borrower by email on or about such date.
- (b) Each Repayable Loan will bear interest on the unpaid principal amount thereof from the first Drawdown Date under the applicable Repayable Loan Facility until and including the Principal Amortization Date at the Interest Rate, calculated semi-annually and not in advance, commencing on the first day of the month following the month in which the first

Drawdown under the applicable Repayable Loan Facility was made, or as CMHC may otherwise determine. Interest only payments shall be due and payable in arrears monthly on the first day of the month until and including the Principal Amortization Date (from which date blended payments of interest and principal shall be made according to an amortization schedule in accordance with Section 6(a)).

- (c) The Forgivable Loan is interest-free for so long as the conditions specified in this Agreement are met and no Event of Default has occurred. If an Event of Default has occurred, CMHC may, at its option, by notice to the Borrower declare that the Forgivable Loan shall bear interest at five percent (5%) *per annum* (provided that, for the avoidance of doubt, the accrual of interest following default will not be sufficient to make CMHC whole in the event of a default under this Agreement and CMHC may exercise other default remedies in accordance with this Agreement and the other Loan Documents). In such case, the Forgivable Loan will bear interest on the outstanding principal amount thereof from the date of such declaration until the date on which the Forgivable Loan is repaid in full at the rate of five (5%) percent *per annum*, accruing monthly not in advance, commencing on the first day of the month following the month in which such declaration was made by CMHC or as CMHC may otherwise agree in its sole and absolute discretion. In such circumstances, interest payments shall be due and payable in arrears monthly on the first day of the month until and including the date on which the Forgivable Loan is repaid in full or as CMHC may otherwise agree in its sole and absolute discretion.

## 5 COMPUTATION OF INTEREST

Interest will continue to accrue after maturity and default and/or judgment, if any, until payment thereof, and interest will accrue and be compounded monthly on overdue interest, if any. The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by law. For the purposes of the *Interest Act* (Canada), the yearly rate of interest to which any rate calculated on the basis of a period of time different from the actual number of days in the year (360 days, for example) is equivalent is the stated rate multiplied by the actual number of days in the year (365 or 366, as applicable) and divided by the number of days in the shorter period (360 days, in the example), and the parties hereto acknowledge that there is a material distinction between the nominal and effective rates of interest and that they are capable of making the calculations necessary to compare such rates and that the calculations herein are to be made using the nominal rate method and not on any basis that gives effect to the principle of deemed reinvestment of interest.

## 6 REPAYMENT OF PRINCIPAL

- (a) Commencing on the Principal Amortization Date, the principal balance outstanding under each Repayable Loan Facility will be amortized according to an amortization schedule to be agreed between CMHC and the Borrower at such time based on an amortization period of 40 years, resulting in blended payments of principal and interest being payable on the 1st Business Day of each month following the Principal Amortization Date until the end of the Term. Repayment in full of the remaining principal balance of the Repayable Loans and any interest or other payments due to CMHC shall be due on the final day of the Term.
- (b) If the final advance under a Loan Facility has not been made on or before the Repair Program Completion Outside Date, CMHC may in its sole and absolute discretion require the Borrower to begin repayment of a portion of the principal of the Loan outstanding under such Loan Facility prior to the final advance.
- (c) An equal one-twentieth portion of the principal amount of the Forgivable Loan shall be forgiven on each anniversary of the date of the final advance in respect of the Forgivable Loan, provided that no Event of Default has occurred. To the extent any principal amount

of any Forgivable Loan is not forgiven, repayment in full of the remaining principal balance of such Forgivable Loan and any interest or other payments due to CMHC shall be due on the final day of the Term, or as CMHC may otherwise agree in its sole and absolute discretion.

- (d) If either CMHC or the Borrower becomes aware that the number of Housing Units in the Portfolio has dropped below the Minimum Unit Count at any time after all of the Loans have been fully advanced (including by way of a notification and/or updated Repair Properties List delivered by the Borrower pursuant to Section 14(c)), then a *pro rata* portion (based on the ratio of (i) the decrease in the number of Housing Units below the Minimum Unit Count to (ii) the Minimum Unit Count) applied to the principal amount outstanding of the Forgivable Loan (immediately before CMHC or the Borrower having become aware of such decrease in the number of Housing Units) shall be accelerated and immediately due and payable.
- (e) If, as at December 31, 2027 (as evidenced by the delivery of the annual financial reports and financial statements provided to CMHC pursuant to Section 13(a)(ii) and (c) in respect of the 2027 fiscal year), the aggregate outstanding principal amount of all Loans will cause the CMHC funding proportion of the aggregate principal amount of all funding by CMHC, the Guarantor and other funding sources (pursuant to any Co-Investment Agreements or otherwise) of Repair Program Costs that the Borrower has expended or that have been invoiced to the Borrower in respect of only Completed Work under the Repair Program, to exceed the Maximum CMHC Funding Proportion, then the amount by which the aggregate outstanding principal amount of all drawn Loans at any time exceeds the Maximum CMHC Funding Proportion, as applied on a *pro rata* basis to the principal amount outstanding of each Repayable Loan and of the Forgivable Loan, shall be accelerated and immediately due and payable.
- (f) The Loans shall be closed to voluntary prepayment, either in whole or in part, prior to the expiration of their respective Terms.
- (g) The Borrower may, at its option, agree with CMHC to extend the Term of any of the Repayable Loans, in whole and not in part, for an additional ten (10) years (each such modification, an “**Extension**”) pursuant to one or more written offers (each an “**Extension Offer**”) made from time to time by the Borrower to CMHC, under any Repayable Loan. In connection with each Extension, the Borrower will provide notification to CMHC, no later than 90 days prior to the end of the Term of any applicable Repayable Loan, that it wishes to extend such Repayable Loan for an additional ten (10) year term (each new extended end of Term maturity date for an extended Repayable Loan, an “**Extended Maturity Date**”) and confirming that the criteria outlined in paragraphs (i) to (iv) (inclusive) below are or will be satisfied. CMHC shall respond within 30 days to acknowledge receipt of the notice and that the process and procedures for the Extension will be carried out. To the extent that CMHC does not respond to an Extension Offer by the applicable due date or notifies the Borrower that the criteria outlined in paragraphs (i) to (iv) (inclusive) are not satisfied, it shall be deemed to have rejected such Extension. The consummation and effectiveness of each Extension shall be subject to the following:
- (i) no Event of Default, any event or circumstance that constitutes an Event of Default or that, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default, shall have occurred and be continuing at the time any Extension Offer is delivered to CMHC or at the time of such Extension (after giving effect to such Extension);
- (ii) each of the Repayable Loans extended pursuant to any Extension (as applicable, “**Extended Repayable Loans**”) shall have the same terms as the relevant original Repayable Loan (the “**Existing Repayable Loan**”), except that (A) the final

maturity date of any Extended Repayable Loan will be ten (10) years later than the end of the Term at the time of such Extension; (B) CMHC shall calculate a new Interest Rate, in its sole and absolute discretion, for each Extended Repayable Loan, which shall apply to the relevant Extended Repayable Loan for the duration of the extended Term (and, for the avoidance of doubt, the interest rate with respect to the Extended Repayable Loan may be higher or lower than the interest rate for the relevant Existing Repayable Loan); and (C) for the avoidance of doubt, no repayment of any Extended Repayable Loan shall be permitted unless such repayment is accompanied by repayment of all earlier maturing Repayable Loans (including previously extended Repayable Loans) in accordance with the terms hereof (or all earlier maturing Repayable Loans (including previously extended Repayable Loans) shall otherwise be or have been terminated and repaid in full in accordance with the terms hereof);

- (iii) the representations and warranties of the Borrower contained herein or in any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct, in each case, on and as of at the time any Extension Offer is delivered to CMHC or at the time of such Extension (after giving effect to such Extension), except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects, or true and correct, as the case may be, as of such earlier date; and
- (iv) all documentation in respect of such Extension shall be consistent with the foregoing and on or before the date of any Extension, CMHC shall have received all other information and documents required by it, as CMHC may reasonably require in connection with such Extension,

and, in connection with any Extension, the Borrower shall follow such procedures, if any, as may be reasonably established by, or acceptable to, CMHC to accomplish the purposes of this Section 6(g) and the Borrower and CMHC shall enter into any amendments to this Agreement and the other Loan Documents as may be required by CMHC in order to effect and reflect the Extension, in each case on terms consistent with this Section 6(g). Promptly following the consummation and effectiveness of any Extension, CMHC will furnish to the Borrower written notice setting forth the Extended Maturity Date and material economic terms of the Extension, including the interest rate and the aggregate principal amount of each Repayable Loan after giving effect to the Extension and attaching a copy of the fully executed Extension amendment.

## 7 PAYMENTS GENERALLY

- (a) With respect to each Repayable Loan, amounts payable by the Borrower hereunder shall be paid by direct debit from an account designated by the Borrower, the particulars of which been provided to CMHC (the "**Repair Program Loan Payment Account**").
- (b) Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest payable under this Agreement is payable both before and after any or all of default, maturity date, demand and judgment.

## 8 CONDITIONS PRECEDENT

- (a) **Conditions Precedent to Effectiveness of Agreement.** The effectiveness of this Agreement is subject to and conditional upon the satisfaction (in form and substance satisfactory to CMHC, in its sole discretion) of each of the following conditions precedent (and the date on which the last condition precedent is satisfied or waived and this

Agreement becomes effective, as confirmed in writing by CMHC, is referred to herein as the “**Closing Date**”):

- (i) CMHC shall have received executed counterparts of this Agreement, the other Loan Documents, and the Material Repair Program Documents;
- (ii) CMHC shall have received and shall be satisfied with its review of the Action Plan, the Plans and Specifications, the Repair Program Budget and the Repair Schedule;
- (iii) CMHC shall be satisfied with PPSA (if applicable), insolvency and judgment searches against each of the Credit Parties in those jurisdictions as CMHC shall make confirming that the Properties and all other Collateral are not subject to any Encumbrances other than Permitted Encumbrances;
- (iv) if applicable, CMHC shall be satisfied with sub-searches confirming that no Encumbrances have been registered on title to the Properties other than Permitted Encumbrances;
- (v) CMHC shall be satisfied with the results of its diligence, including legal, corporate, and financial diligence, and diligence with respect to the legal structure of the Credit Parties (including any principals) and the Portfolio, any Co-Investment Agreements, and with respect to zoning, permitting and title to the Properties;
- (vi) CMHC shall have received evidence of the completion of, or of arrangements reasonably satisfactory to CMHC for the completion of, any other actions, recordings and filings of or with respect to this Agreement, the Material Repair Program Documents and the other Loan Documents that CMHC may deem necessary;
- (vii) CMHC shall have received and be satisfied with its review of the Repair Program Budget and Material Repair Program Documents;
- (viii) CMHC shall have received from the Borrower and be satisfied with its review of the Drawdown Schedule;
- (ix) CMHC shall have received an Energy Efficiency Report prepared by a qualified third party and such other third party reports (as appropriate, supported by reliance letters addressed to CMHC), as CMHC requires in its sole discretion;
- (x) CMHC shall have received in respect of each of the Credit Parties, certified on or just prior to the Closing Date by an appropriate corporate officer of each of the Credit Parties:
  - (A) a copy of its organization documents, as in effect on the Closing Date;
  - (B) a copy of its by-laws or equivalent document, as in effect on the Closing Date;
  - (C) copies of the resolutions of its board of directors, authorized subcommittee thereof, or other equivalent body authorizing the execution, delivery and performance of the documents to which it is a party; and
  - (D) the names and true signatures of the officers authorized to execute, deliver and perform, as applicable, this Agreement and all other documents to be

delivered hereunder, together with a certificate of good standing or equivalent document from the applicable Governmental Authority of its jurisdiction of incorporation or organization as of a recent date;

- (xi) CMHC shall have received a customary written legal opinion from counsel to each of the Credit Parties, addressed to CMHC and dated on or just prior to the Closing Date, as to (A) the creation and existence of each Credit Party, (B) the capacity and due authorization of each Credit Party to enter into and perform its obligations under the Loan Documents to which it is a party, (C) the absence of conflicts with law and regulations and the organizational documents of each Credit Party, (D) the enforceability of the obligations of each Credit Party under the Loan Documents to which it is a party, (E) if applicable, security matters and (F) such other matters as CMHC may require;
- (xii) CMHC shall have received evidence that the Borrower shall have opened the Repair Program Funding Account and entered into a pre-authorized debit (PAD) Agreement for making payments to CMHC from the Repair Program Loan Payment Account by direct debit in accordance with Section 6(a), and executed and delivered any documentation required in respect thereof;
- (xiii) CMHC shall have been paid all accrued and unpaid fees, and reasonable costs and expenses to the extent then due and payable to CMHC on or just prior to the Closing Date;
- (xiv) CMHC shall have received a certificate signed by an officer on behalf of each Credit Party, dated on or just prior to the Closing Date:
  - (A) confirming that such Credit Party has received all required co-investment commitments and governmental authorizations and third party approvals (or arrangements reasonably satisfactory to CMHC in lieu of such co-investment commitments and approvals) from each relevant third party and applicable Governmental Authority that are contemplated hereby and/or that are necessary in connection with the Repair Program and/ or that may be required by Applicable Laws; and
  - (B) confirming the solvency of such Credit Party.
- (xv) CMHC shall have received from each of the Credit Parties the documentation and other information that is required by CMHC in respect of its “know-your customer” policies and procedures;
- (xvi) CMHC shall have received such financial and other information or documents relating to each of the Credit Parties as CMHC may reasonably require;
- (xvii) CMHC shall have received confirmation, certified by an officer of the Borrower, that (A) there are two thousand and eighty-two (2,082) Housing Units, which are within 13 buildings located in the City of London (such number of Housing Units, or such other number of Housing Units as may be agreed to in writing by CMHC from time to time in its sole discretion in accordance with the terms hereof, is referred to herein as the “**Minimum Unit Count**”) in the Portfolio that are the subject of the Repair Program (the Housing Units that are subject to the Repair Program from time to time are referred to herein as the “**Subject Units**”); (B) either (1) all of the Subject Units are occupied or available for occupancy and will be occupied or available for occupancy throughout the Repair Program Execution; or (2) if all of the Subject Units are not occupied or available for occupancy or will not be

occupied or available for occupancy throughout the Repair Program Execution, this is solely due to the Subject Units being temporarily vacant as a result of repairs or renewal thereof and a tenant placement plan satisfactory to CMHC has been made by the Borrower so that any relocated tenant is not materially adversely impacted by the Repair Program Execution;

- (xviii) CMHC shall have received evidence satisfactory to it that the Repair Program will be effected, and the Portfolio will be operated, such that the Portfolio Affordability Requirements, the Portfolio Accessibility Requirements and the Portfolio Energy Efficiency Requirements will be satisfied; and
  - (xix) CMHC shall have received evidence that the Credit Parties have in place appropriate insurance for its business and assets as required by CMHC from time to time, including with respect to the Repair Program and the Properties, that meets at least the Insurance Requirements pursuant to the terms hereof, including (A) copies of all initial certificates of insurance; and (B) an opinion of an Insurance Consultant relating to such insurance, which has been prepared in accordance with the Insurance Requirements and is in form and substance satisfactory to CMHC in its sole and absolute discretion.
- (b) **Conditions Precedent to Drawdowns.** The obligation of CMHC to advance any Drawdown hereunder is subject to and conditional upon the satisfaction of each of the following conditions precedent on or just prior to the date the applicable Drawdown Notice is delivered (or such earlier date as may be specified below):
- (i) CMHC shall have received a completed Drawdown Notice from the Borrower;
  - (ii) as at the date of the applicable Drawdown Notice, CMHC shall have received sufficient evidence of the Repair Program Costs expended by the Borrower or invoiced to the Borrower for Completed Work that will be funded by the Drawdown made pursuant to the applicable Drawdown Notice, including by way of a Completion Report attached to the Drawdown Notice as Appendix A thereto;
  - (iii) in the case of each Repayable Loan Facility, the Interest Rate shall have been set by CMHC;
  - (iv) if applicable, CMHC shall be satisfied with sub-searches confirming that no Encumbrances have been registered on title to the Properties other than Permitted Encumbrances;
  - (v) the representations and warranties deemed to be repeated pursuant to Section 12 on each Drawdown Date will continue to be true and correct as if made on and as of the Drawdown Date;
  - (vi) no default or Event of Default or Ratings Trigger Event will have occurred and be continuing on the Drawdown Date, or would result from making the requested advance;
  - (vii) a Material Adverse Change will not have occurred and be existing on the Drawdown Date, or would result from making the requested advance;
  - (viii) the Credit Parties must have delivered to CMHC all reporting covenants required by Section 13;

- (ix) CMHC shall have received evidence satisfactory to it that the Minimum Borrower Contribution will have been invested by the Borrower as of the Drawdown Date;
  - (x) CMHC shall have received evidence that the Repair Program achieves a minimum Debt Service Coverage Ratio of 1.0x after giving effect to such Drawdown;
  - (xi) CMHC shall have received evidence satisfactory to it that the full budgeted funding and contributions by the Guarantor and any other funding sources (pursuant to any Co-Investment Agreements or otherwise) have been made or will be made contemporaneously with a Drawdown hereunder;
  - (xii) CMHC shall have received confirmation from the Borrower that all Permits and approvals necessary for (A) any Repair Program Execution to be undertaken in respect of the Portfolio pursuant to the Repair Program, in respect of which the Drawdown is being made and (B) any prior Repair Program Execution undertaken in respect of the Portfolio pursuant to the Repair Program, are in place at the time of such Drawdown;
  - (xiii) all other terms and conditions of this Agreement upon which the Borrower may obtain advances that have not been waived will have been fulfilled as of the Drawdown Date;
  - (xiv) CMHC shall have received confirmation from the Borrower, certified by an officer of the Borrower in the Drawdown Notice, that the Minimum Unit Count is satisfied and either (A) all of the Subject Units are occupied or available for occupancy and will be occupied or available for occupancy throughout the Repair Program Execution; or (B) if all of the Subject Units are not occupied or available for occupancy or will not be occupied or available for occupancy throughout the Repair Program Execution, this is solely due to the Subject Units being temporarily vacant as a result of repairs or renewal thereof and a tenant placement plan satisfactory to CMHC has been made by the Borrower so that any relocated tenant is not materially adversely impacted by the Repair Program Execution;
  - (xv) CMHC shall have been paid all accrued and unpaid fees, and reasonable costs and expenses to the extent then due and payable to CMHC on or just prior to the Drawdown Date; and
  - (xvi) if a Ratings Trigger Event has occurred and CMHC has delivered one or more Collateral Coverage Notices to the Credit Parties in accordance with Section 14(a)(xviii), the Collateral Coverage Ratio shall be equal to or greater than the Applicable Collateral Coverage Ratio.
- (c) **Documentation.** All documents and evidence executed and/or delivered pursuant to this Section 8 must be in full force and effect, and in form and substance satisfactory to CMHC in its sole and absolute discretion.
  - (d) **Waiver.** The conditions set forth in Sections 8(a), 8(b) and 8(c) are inserted for the sole benefit of CMHC and may be waived by CMHC, in whole or in part (with or without terms or conditions), in respect of any Drawdown without prejudicing the right of CMHC at any time to assert such conditions in respect of any subsequent Drawdown.

## 9 RECORDS

- (a) CMHC will maintain records evidencing each Drawdown made by the Borrower under this Agreement. CMHC will record the amount of each borrowing thereunder, the payment of

principal and interest and all other amounts becoming due or paid to CMHC under this Agreement. CMHC's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to CMHC pursuant to this Agreement.

- (b) CMHC reserves the right to review, analyze and audit the costs of the Borrower in connection with the Repair Program to ensure compliance with this Agreement and the Program. The Borrower will maintain proper and detailed records and statements of account, including receipts, vouchers, invoices, and other documents related to the Repair Program Costs and shall permit CMHC, or its designated representative, to access to such records and statements for audit and inspection purposes within five (5) Business Days of such written request from CMHC.

## 10 LOAN DOCUMENTS AND SECURITY

- (a) CMHC's security in respect of the Loans and all other obligations of the Credit Parties to CMHC under this Agreement and the other Loan Documents shall include the security interests (where applicable) created in favour of CMHC by the following documents in form and substance satisfactory to CMHC in its sole and absolute discretion (and which, if applicable, shall be registered under applicable legislation), subject only to Permitted Encumbrances:
  - (i) a security agreement signed by the Borrower granting a first priority security interest over the Repair Program Funding Account;
  - (ii) an Operating Agreement in respect of the Repair Properties;
  - (iii) an unlimited payment and performance guarantee and, if applicable, indemnity and postponement of claim from the Guarantor in favour of CMHC;
  - (iv) if required by CMHC pursuant to Section 14(a)(xviii), with respect to each Post-Closing Designated Property:
    - (A) a first priority mortgage granted by the applicable Credit Party in favour of CMHC in respect of such Post-Closing Designated Property (to be registered on title to such Post-Closing Designated Property) in an amount equal to 120% of the Available Commitment;
    - (B) a first priority, site-specific general security agreement signed by the applicable Credit Party granting a security interest in all of the present and after acquired personal property of such Credit Party comprising or otherwise relating to such Post-Closing Designated Property;
    - (C) an Operating Agreement in respect of such Post-Closing Designated Property;
    - (D) a first priority general assignment of rents and leases security interest signed by the applicable Credit Party/ies in respect of such Post-Closing Designated Property;
    - (E) if requested by CMHC, a first priority security assignment signed by the applicable Credit Party/ies of all insurance policies relating to such Post-Closing Designated Property; and

- (F) if requested by CMHC, a first priority security assignment signed by the applicable Credit Party/ies of all Material Repair Program Documents relating to such Post-Closing Designated Property; and
- (v) if requested by CMHC, any other security, intercreditor agreements, subordination agreements and ancillary documentation from time to time deemed necessary by CMHC in its sole and absolute discretion.

## 11 RECOURSE

CMHC shall have full recourse to the Borrower and Guarantor and the Collateral for the full term of the Loans.

## 12 REPRESENTATIONS AND WARRANTIES

Each of the Credit Parties represents and warrants to CMHC, as of the Closing Date and (subject to any amendments or exceptions from time to time approved in writing by CMHC in its sole and absolute discretion) as of each Drawdown Date, that:

- (a) it is duly incorporated, amalgamated, continued, created or established, as the case may be, and validly existing under the laws of its jurisdiction of incorporation, amalgamation or continuance, creation or establishment, as the case may be, and is duly registered or qualified to carry on business in the Province of Ontario;
- (b) it has the power, authority and right:
  - (i) to enter into and deliver, and to exercise its rights and perform its obligations under, the Loan Documents and all other instruments and agreements delivered by it pursuant to any of the Loan Documents, and
  - (ii) to own its property and carry on its business as currently conducted and as currently proposed to be conducted by it and without limiting the foregoing (A) the Borrower has all necessary power and authority to own the real and personal property comprising the Portfolio and to develop and complete the Repair Program and is duly licensed, registered and qualified to carry out such activities and (B) each Credit Party has all necessary power and authority to, if applicable, own, develop and operate all real and personal property owned by it constituting Collateral;
- (c) the execution, delivery and performance of the Loan Documents to which it is a party have been duly authorized by all necessary corporate and other actions and do not violate its respective constating documents, any Applicable Laws or any agreements to which it is subject or by which it is bound;
- (d) it has obtained, made or taken all consents, approvals, authorizations, declarations, registrations, filings, notices and other actions whatsoever required as to the date hereof in connection with the execution and delivery by it of each of the Loan Documents to which it is a party and the consummation of the transactions contemplated in the Loan Documents;
- (e) it has paid or made adequate provision for the payment of all taxes levied on it or on the Portfolio, the Collateral or its income that are due and payable, including interest and penalties, or has accrued such amounts in its financial statements for the payment of such taxes, except taxes that are not material in amount or that are not delinquent (or if delinquent are either (A) Permitted Encumbrances, or (B) being contested in good faith,

and in respect of which non-payment would not individually or in the aggregate constitute, or be reasonably likely to cause, a Material Adverse Change), and there is no material action, suit, proceeding, investigation, audit or claim now pending, or to its knowledge threatened, by any Governmental Authority regarding any taxes that constitutes or could reasonably be expected to become a Material Adverse Change nor has it agreed to waive or extend any statute of limitations with respect to the payment or collection of taxes;

- (f) its most recent financial statements provided to CMHC fairly present its financial position as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and since the date of such financial statements, no Material Adverse Change has occurred;
- (g) it is not subject to any judgment, order, writ, enforcement charge, injunction, decree or award, or to any restriction, rule or regulation (other than customary or ordinary course restrictions, rules and regulations consistent or similar with those imposed on other Persons engaged in similar businesses) that has not been stayed or of which enforcement has not been suspended and that individually or in the aggregate constitutes, or could reasonably be expected to become, a Material Adverse Change;
- (h) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which could reasonably be expected to have a Material Adverse Change, and there are no circumstances of which it is aware which might give rise to any such proceeding which has not been fully disclosed to CMHC;
- (i) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a default or an Event of Default or a Ratings Trigger Event or a breach of any covenant or other term or condition in respect of any other of its outstanding Debt ;
- (j) there are no liabilities (including contingent liabilities) that, in the aggregate, are material in respect of the Repair Program or that constitute or could reasonably be expected to become a Material Adverse Change, which have not been previously disclosed in writing to CMHC;
- (k) it:
  - (i) has not committed any act of bankruptcy;
  - (ii) is not insolvent, or has not proposed or given notice of its intention to propose, a compromise or arrangement to its creditors generally;
  - (iii) has not had an application for a bankruptcy order, or application for the appointment of a receiver, trustee, inspector, monitor or similar party filed against it;
  - (iv) has not made a voluntary assignment in bankruptcy, taken any proceeding with respect to any stay, proposal, sale, compromise or arrangement, taken any proceeding or corporate action to have itself declared bankrupt, liquidated, dissolved or wound-up, taken any proceeding to have a receiver appointed of any part of its assets;
  - (v) has not had the holder of any Encumbrance take possession of its property; or

- (vi) has not had an execution or distress become enforceable or become levied, or an enforcement of security or foreclosure, on any material portion of its assets and property;
- (l) it is not in default under any other loan or contribution provided by CMHC nor any other loan or contribution and any related operating agreements or any Co-Investment Agreement from other funding sources in respect of the Repair Program or the Portfolio;
- (m) the Repair Properties and the Housing Units listed in the Repair Properties List constitute the Portfolio that is the subject of the Repair Program;
- (n) it has good and marketable title, free and clear of all Encumbrances other than Permitted Encumbrances, to (A) all of its properties, (B) in the case of the Borrower, all other real and personal property comprising the Portfolio and related to the Repair Program and (C) all Collateral owned by it;
- (o) to the best of its knowledge and belief, after due inquiry and all reasonable investigation:
  - (i) it is not engaged in any unfair labour practice that constitutes or could reasonably be expected to become a Material Adverse Change; and there is no unfair labour practice complaint pending against it or threatened against it, before any Governmental Authority that if adversely determined could reasonably be expected to become a Material Adverse Change;
  - (ii) no grievance or arbitration arising out of or under any collective bargaining agreement is pending against it or threatened against it, that could reasonably be expected to become a Material Adverse Change; and
  - (iii) no strike, labour dispute, slowdown or stoppage is pending against it or threatened against it and no union representation proceeding is pending with respect to any of its employees, except (with respect to any matter specified in this sentence, either individually or in the aggregate) such as could not reasonably be expected to become a Material Adverse Change;
- (p) except as disclosed to CMHC in writing and accepted by CMHC, to the best of its knowledge after due inquiry, it, the Repair Program and the Portfolio are in compliance with all Applicable Laws (other than Environmental Laws, which are addressed below) except for any non-compliance that individually or in the aggregate could not reasonably be expected to become a Material Adverse Change, and there are no facts known or which ought reasonably to be known, in either case after due enquiry, which could give rise to a notice of non-compliance to such extent with any Applicable Laws (other than Environmental Laws, which are addressed below);
- (q) to the best of its knowledge, there are no pending or proposed changes to Applicable Laws which would render illegal or materially restrict the Repair Program Execution or operation of the Repair Program;
- (r) the Repair Properties are zoned to permit the Repair Program Execution and operation of the Repair Program and the existing and proposed uses of the Properties comply in all material respects with all Applicable Laws;
- (s) it has not received notice of any proposed re-zoning of all or any part of the Properties that could be reasonably likely to become a Material Adverse Change in respect of the Repair Program Execution of the Repair Program or otherwise nor has it received notice of any expropriation of all or any part of the Properties;

- (t) the only real property interests necessary for the Repair Program Execution in respect of the Repair Program in accordance with the Action Plan are the real property interests comprising the Repair Properties and any easements, interests or rights appurtenant thereto;
- (u) it is in good standing under each Repair Contract;
- (v) no event has occurred and is continuing that would constitute a material breach of or a material default under any Material Repair Program Document to which it is a party is binding upon it and, to the best of its knowledge, is a binding agreement of each other Person who is a party thereto;
- (w) to the best of its knowledge after due inquiry:
  - (i) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Properties or the business or assets of the Borrower or the Guarantor, by a Government Authority or any third party, in respect of which there is a reasonable likelihood of a determination adverse to the Borrower or the Guarantor, as applicable, and which, if so adversely determined, constitutes or could reasonably be expected to become a Material Adverse Change;
  - (ii) the Properties (for the avoidance of doubt, including, without limitation, the Subject Units) are in compliance with, and it operates in compliance with, all applicable Environmental Laws and there are no Hazardous Materials in, on, under, migrating from or to the Properties not in compliance with Environmental Laws, except to the extent that non-compliance does not individually or in the aggregate constitute and could not reasonably be expected to become a Material Adverse Change; and
  - (iii) it possesses all Permits as may be necessary to conduct its business, in compliance with requirements of Applicable Laws, and such permits will not expire during the Term, except to the extent that failure to have any such Permits in place does not individually or in the aggregate constitute and could not reasonably be expected to become a Material Adverse Change;
- (x) there are no claims, demands, actions or other proceedings pending or, to the knowledge of any Credit Party, threatened, affecting any Collateral, the Repair Program Execution, the operation of the Repair Program on the Repair Properties at law or in equity before or by any Governmental Authority, with respect to aboriginal rights, treaty rights or the duty to consult;
- (y) neither the Credit Parties nor any Properties are subject to any outstanding judgment, order, writ, injunction or decree with respect to aboriginal rights, treaty rights or the duty to consult affecting the Repair Program Execution or the operation of the Repair Program on the Repair Properties or otherwise affecting any Property, and neither the Repair Program nor the Properties are subject to a modern treaty;
- (z) it is not a non-resident for the purposes of Section 116 of the *Income Tax Act* (Canada);
- (aa) it has in place appropriate insurance for its business and assets as required by CMHC from time to time, including with respect to the Repair Program and the Properties, that meets at least the Insurance Requirements and is consistent with the recommendations of the Insurance Consultant opinion prepared as described in Section 8(a)(xix), except where the failure to have such policies of insurance in place would not constitute and could not reasonably be expected to become a Material Adverse Change;

- (bb) it is in compliance with all terms and conditions of all insurance policies issued in respect of the Repair Properties and the Repair Program and, if applicable, in respect of any Post-Closing Designated Properties; and
- (cc) the contents of the Integrity Declaration remain true and correct.

Sections 12(a) to (l), (n) to (t) and (v) to (cc) shall survive and remain in full force and effect in accordance with their terms, notwithstanding the termination of this Agreement or the repayment, satisfaction or discharge of all obligations under any Loan Document until the termination of the Operating Agreement.

### 13 REPORTING COVENANTS

- (a) The Borrower covenants and agrees with CMHC to deliver (or cause to be delivered) to CMHC, at the expense of the Borrower (each of the following to be in form and substance satisfactory to CMHC in its sole and absolute discretion):
  - (i) **Quarterly Progress Reports:** following the earliest of (i) the first advance to the Borrower hereunder, and (ii) the first advance under any Co-Investment Agreement, as soon as available and in any event within thirty (30) days after the end of its fiscal quarter, progress reports prepared in relation to the Repair Program by a Qualified Professional, in each case providing detailed information regarding the planning, design, construction, financing, revenue generation and performance monitoring of the Repair Program including:
    - (A) an update to the Drawdown Schedule, Repair Program Budget and Repair Schedule together with comments on any material variances from the original Drawdown Schedule, Repair Program Budget and Repair Schedule provided to CMHC; and
    - (B) comments on any material changes to the Repair Program or any potential or actual problem areas which have been identified and may affect completion of the Repair Program in accordance with the Repair Program Budget and Repair Schedule provided to CMHC.
  - (ii) **Annual Progress Reports:** on an annual basis within one hundred and twenty (120) days of the end of each fiscal year of the Borrower:
    - (A) an energy performance report in respect to such fiscal year prepared by the Borrower and validated by a Qualified Professional, reporting on the progress in respect of such fiscal year as measured against the baseline energy use and greenhouse gas emissions for the Portfolio as established in the Energy Efficiency Report;
    - (B) a progress report (an “**Annual Progress Report**”) certified by an officer of the Borrower in the form of Schedule G in respect of such fiscal year, which will include detailed information in relation to performance monitoring of the Repair Program and progress updates with respect to the Action Plan, including:
      - (1) the number of Subject Units;
      - (2) confirmation that the Minimum Unit Count is satisfied and that either (I) all of the Subject Units are occupied or available for occupancy and will be occupied or available for occupancy

throughout the Repair Program Execution; or (II) if all of the Subject Units are not occupied or available for occupancy or will not be occupied or available for occupancy throughout the Repair Program Execution, this is solely due to the Subject Units being temporarily vacant as a result of repairs or renewal thereof and a tenant placement plan satisfactory to CMHC has been made by the Borrower so that any relocated tenant is not materially adversely impacted by the Repair Program Execution;

- (3) confirmation of the satisfaction of, or progress satisfactory to CMHC toward the satisfaction of, the Portfolio Affordability Requirements, the Portfolio Accessibility Requirements and the Portfolio Energy Efficiency Requirements pursuant to the terms hereof, including (x) the average percentage of the Median Market Rental Rate of the rents of all Subject Units in respect of such fiscal year, (y) the number and percentage of Subject Units satisfying the Portfolio Accessibility Requirements, and (z) the conversion count of the Subject Units that have become units that meet the Portfolio Accessibility Requirements, in respect of such fiscal year;
- (4) the total amount of Repair Program Costs that have been expended by the Borrower (or that have been invoiced to the Borrower) in respect of Completed Work in such fiscal year and cumulatively since the date hereof [and confirmation that the aggregate CMHC funding proportion of such cumulative repair costs does not exceed the maximum CMHC funding proportion thereof permitted by Section 3(a)(ii);
- (5) an updated Action Plan, Plans and Specifications, Repair Program Budget, Repair Schedule and Drawdown Schedule; and
- (6) such other information as CMHC deems necessary, including reports, the frequency of which may vary, that include, but are not limited to, the information required in Schedule G,

and noting any material variances that occurred (x) in such fiscal year from the Action Plan, Plans and Specifications, Repair Program Budget, Repair Schedule and Drawdown Schedule most recently delivered to CMHC in accordance with the terms hereof and (y) cumulatively from the Action Plan, Plans and Specifications, Repair Program Budget, Repair Schedule and Drawdown Schedule delivered to CMHC in accordance with 8(a)(ii).

- (b) **One-time Report Upon Completion:** Within sixty (60) days of the date of final advance, a report to CMHC identifying all material deviations from the Plans and Specifications, including those that may have impacted the Repair Program's energy consumption or greenhouse gas ("GHG") emissions plan, accessibility plan and overall eligibility under the Program; where such deviations have resulted in or are likely to have a 10% or more change in the energy consumption or GHG emissions of the Portfolio, and an updated Energy Efficiency Report for use by CMHC to assess energy consumption and GHG emission reduction performance of the completed Portfolio as against the Portfolio Energy Efficiency Requirements.
- (c) **Audited Financial Statements:** Each Credit Party covenants and agrees with CMHC to deliver (or cause to be delivered) to CMHC, at the expense of the relevant Credit Party, as soon as available and in any event within one hundred and twenty (120) days after the end

of each of its fiscal years, its annual audited financial statements including a balance sheet/statement of financial position, statement of income/statement of operations, statement of changes in equity/statement of changes in net assets, statement of cash flows and source and application of funds for such fiscal year, which will be prepared in accordance with GAAP on an audited basis, and the auditor's report shall include an opinion on the compliance of the Borrower with this Agreement (such financial statements and auditor's report to be in form and substance satisfactory to CMHC in its sole and absolute discretion).

- (d) All reporting required under this Agreement shall be stand-alone Repair Program reporting, isolating the Repair Program's financial and operating information from that of other properties owned by the Borrower, if any.
- (e) The Borrower shall ensure that the use of personal information of tenants or occupants required to fulfill the foregoing reporting obligations, if any, is authorized and consented to by such persons and is otherwise in accordance with applicable privacy laws.
- (f) Sections 13(a)(ii)(B)(1),(2) and (3), 13(c), 13(d) and 13(e) shall survive and remain in full force and effect in accordance with its terms, notwithstanding the termination of this Agreement or the repayment, satisfaction or discharge of all obligations under any Loan Document until the termination of the Operating Agreement.

## 14 COVENANTS

- (a) **Positive Covenants.** Each Credit Party covenants and agrees with CMHC, while this Agreement is in effect and except as otherwise permitted by the prior written consent of CMHC, to:
  - (i) pay all sums of money when due by it under this Agreement;
  - (ii) maintain a minimum Debt Service Coverage Ratio of 1.0x;
  - (iii) keep its existence in full force and effect and carry on and conduct its business and operations in a proper, efficient and businesslike manner, in accordance with good business practice and all Applicable Laws;
  - (iv) take all reasonable action to maintain all rights, privileges and franchises necessary in the normal conduct of its business;
  - (v) comply with all Material Repair Program Documents, Material Licences and requirements of Applicable Law;
  - (vi) promptly provide CMHC with all information reasonably requested by it from time to time at reasonable intervals in connection with this Agreement concerning its financial condition, the Properties and the Subject Units and during normal business hours and from time to time at reasonable intervals upon reasonable notice, permit representatives of CMHC to inspect and take extracts from its financial and other records, including records stored in computer data banks and computer software systems regarding the Properties and the Subject Units, and to discuss its financial condition with its senior officers and its auditors;
  - (vii) maintain documents, vouchers, records and accounts that pertain to the Properties and the Subject Units for not less than seven (7) years following the date of receipt or production of such documents, vouchers, records and accounts and maintain books, records and accounts in accordance with GAAP;

- (viii) keep all property necessary for its business in good working order and condition, normal wear and tear excepted, except to the extent that failure to do so does not individually or in the aggregate constitute and could not reasonably be expected to become a Material Adverse Change;
- (ix) comply with the provisions of the Construction Lien Act, including retaining any Holdbacks required thereby, and in the event that any Encumbrance is registered under the Construction Lien Act against any Property (or notice of such Encumbrance is provided to CMHC), the applicable Credit Party shall cause such Encumbrance to be vacated or discharged within ten (10) days of the earlier of: (i) date of registration thereof or the date any Credit Party has received written notice thereof, or (ii) the date that such Credit Party has been provided written notice thereof by CMHC, with any payment thereunder being made from financial resources other than the Loans (and, for the avoidance of doubt, no Drawdowns will be permitted under the Loan Facilities until such Encumbrance is vacated or discharged to the satisfaction of CMHC);
- (x) pay or discharge, or cause to be paid or discharged, before the same will become delinquent (i) all taxes imposed upon it or upon its income or profits or in respect of its business or any Property and file all tax returns in respect thereof, (ii) all lawful claims for labour, materials and supplies, (iii) all required payments under any of its Debt, and (iv) all other obligations; provided, however that it will not be required to pay or discharge or to cause to be paid or discharged any such amount so long as the validity or amount thereof is being contested in good faith by appropriate proceedings and an appropriate financial reserve in accordance with GAAP and satisfactory to CMHC has been established and so long as CMHC is satisfied that the security is not in jeopardy;
- (xi) provide evidence satisfactory to CMHC annually of the payment of all taxes assessed and levied in relation to the Properties, as soon as available and in any event within thirty (30) days of the confirmation that all of the current year's taxes have been paid;
- (xii) diligently and efficiently manage and operate the Repair Program to meet its financial obligations on a sustainable and permanent manner on a long-term basis and to maintain the Properties in a satisfactory state of repair, in each case in accordance with (i) prudent industry practice; (ii) all Material Licences; (iii) in the case of the Repair Properties, the Material Repair Program Documents, the Action Plan, the Repair Program Budget, the Repair Schedule and the Plans and Specifications; and (iv) all insurance policies issued in respect of the Properties and the Repair Program, in all material respects;
- (xiii) provide a copy of any advance request (together with supporting documentation) made pursuant to any Co-Investment Agreement or otherwise in respect of any contribution from any funding source for the Repair Program;
- (xiv) from time to time, when requested by CMHC, provide to CMHC evidence of its full compliance with its representations and warranties in Section 12;
- (xv) maintain in place appropriate insurance for its business and assets as required by CMHC from time to time, including with respect to the Repair Program and the Properties, that meets at least the Insurance Requirements and is consistent with the recommendations of the Insurance Consultant opinion prepared as described in Section 8(a)(xix), except where the failure to have such policies of insurance in place would not constitute and could not reasonably be expected to become a Material Adverse Change, and promptly provide CMHC with copies of any

certificates of insurance issued to it from time to time and not previously provided to CMHC in accordance with this Agreement;

- (xvi) ensure that, as at December 31, 2027 (as evidenced by the delivery of the annual financial reports and financial statements provided to CMHC pursuant to Section 13(a)(ii) and (c) in respect of the 2027 fiscal year), the aggregate outstanding principal amount of all Loans will not cause the CMHC funding proportion of the aggregate principal amount of all funding by CMHC, the Guarantor and other funding sources (pursuant to any Co-Investment Agreements or otherwise) of Repair Program Costs that the Borrower has expended or that have been invoiced to the Borrower in respect of only Completed Work under the Repair Program, to exceed the Maximum CMHC Funding Proportion;
  - (xvii) ensure that either (I) all of the Subject Units are occupied or available for occupancy and will be occupied or available for occupancy throughout the Repair Program Execution; or (II) if all of the Subject Units are not occupied or available for occupancy or will not be occupied or available for occupancy throughout the Repair Program Execution, this is solely due to the Subject Units being temporarily vacant as a result of repairs or renewal thereof and a tenant placement plan satisfactory to CMHC has been made by the Borrower so that any relocated tenant is not materially adversely impacted by the Repair Program Execution; and
  - (xviii) if at any time following the occurrence of a Ratings Trigger Event the Collateral Coverage Ratio is less than the Applicable Collateral Coverage Ratio and if required by CMHC in its sole and absolute discretion as notified by CMHC in writing to the Credit Parties (each such notice, a “**Collateral Coverage Notice**”), grant security in respect of one or more Post-Closing Designated Properties (and certain other related property relating thereto) in accordance with Section 10(a)(iv) and otherwise comply with the Post-Closing Mortgaged Property Requirements with respect to such Post-Closing Designated Property/ies, such that, no later than the 30<sup>th</sup> day following receipt by the Credit Parties of such Collateral Coverage Notice, the Collateral Coverage Ratio shall be equal to or greater than the Applicable Collateral Coverage Ratio (which shall be specified in the applicable Collateral Coverage Notice);
  - (xix) promptly notify CMHC of any event which could result in any cost overrun or material delay in the Repair Program Execution in respect of any of the Repair Properties;
  - (xx) promptly fund in full, to the satisfaction of CMHC, all costs overruns and change orders related to in the Repair Program, as and when they occur, or they may be indicated in any progress report delivered to CMHC pursuant to Section 13(a) or otherwise upon the CMHC’s request.
- (b) **Special Covenants.** The Borrower covenants and agrees with CMHC that, except as otherwise permitted by the prior written consent of CMHC:
- (i) **Affordability:** for the duration of the Social Housing Covenant Period, the Borrower will ensure that the rents for 50% of the Subject Units which are occupied or available for occupancy in a fiscal year do not exceed 50% of the Median Market Rental Rate (the “**Portfolio Affordability Requirements**”);
  - (ii) **Accessibility:** by December 31, 2027, and then for the duration of the remainder of the Social Housing Covenant Period, (A) a minimum of 20% of the Subject Units will meet or exceed the Accessibility Criteria (the “**Portfolio Accessibility Requirements**”); and

- (iii) **Energy Efficiency:** the Borrower will make upgrades and changes to the Repair Properties within the Portfolio in order to achieve, by December 31, 2027, and then for the duration of the remainder of the Social Housing Covenant Period, (A) a minimum of a 25% reduction in energy use across the Portfolio; and (B) a minimum of a 25% reduction in greenhouse gas emissions across the Portfolio, in each case as measured against the baseline energy use and greenhouse gas emissions for the Portfolio measured as of the period between August 2016 and August 2018 specified in the Energy Efficiency Report (collectively, the “**Portfolio Energy Efficiency Requirements**”).
- (c) **Notices.** Each Credit Party covenants and agrees with CMHC, while this Agreement is in effect, to promptly notify CMHC on becoming aware of:
- (i) in the case of the Borrower, any Dispositions of Subject Units or acquisitions of Housing Units, as applicable, no later than 30 Business Days prior to the closing of any such Disposition or acquisition;
  - (ii) the occurrence of any litigation, dispute, arbitration or other proceeding the result of which if determined adversely would be a judgment or award against it that would result in a Material Adverse Change to it, and from time to time provide CMHC with all information requested by CMHC concerning the status of any such proceeding;
  - (iii) any Material Adverse Change or any matter that is likely to have a Material Adverse Change of which it becomes aware or ought to have been aware, using reasonable diligence;
  - (iv) any event which constitutes, or which, with notice, lapse of time, or both, would constitute a default or an Event of Default or a Ratings Trigger Event, of which it becomes aware or ought to have been aware, using reasonable diligence;
  - (v) any circumstance whereby the Drawdown Schedule will be materially altered, including material changes under any Co-Investment Agreement or other funding or contribution agreement in connection with the Repair Program or the Portfolio, delays in respect of the completion of the Repair Program and any circumstance where the costs of the Repair Program are expected to exceed those set forth the Repair Program Budget;
  - (vi) the occurrence of an event of Force Majeure, describing in reasonable detail the effects of such event on the Repair Program, the action which the Borrower intends to take to remedy such event and the estimated date when the event of Force Majeure will be remedied and will cease to impair the Repair Program;
  - (vii) the cessation of any event of Force Majeure;
  - (viii) any damage to or destruction of any Properties or other real or personal property that forms part of the Repair Program or the Collateral, which might give rise to an insurance claim, if the cost of any repairs to or replacement of assets of the relevant Credit Party constitutes or could reasonably be expected to become a Material Adverse Change;
  - (ix) any material instrument related to the Repair Program of which such Credit Party has notice or which is registered against title to the Repair Program, and provide to CMHC a true copy of such instrument;

- (x) any threatened expropriation or notice of expropriation with respect to the Properties or other real property of such Credit Party that constitutes or could reasonably be expected to become a Material Adverse Change, such notice to be delivered forthwith upon the such Credit Party becoming aware of such threatened expropriation or its receipt of notice of such proceedings and each Credit Party covenants and agrees that no such claim shall be compromised or settled without the prior written consent of CMHC; or
- (xi) any non-compliance with Environmental Laws relating to the Properties, the Subject Units or the Repair Program, and of any notice, investigation, non-routine inspection or material inquiry by any Governmental Authority in connection with any Environmental Laws relating to the Properties, the Subject Units or the Repair Program, except to the extent that non-compliance does not individually or in the aggregate constitute and could not reasonably be expected to become a Material Adverse Change,

and in the case of (i), no later than five (5) Business Days following the closing of any such Disposition or acquisition, the Borrower shall provide an updated Repair Properties List to CMHC, noting the Repair Properties, including all Subject Units, which have been removed or added to the Repair Properties List, and the Repair Properties List will be deemed to be amended, from time to time, upon delivery of an updated Repair Properties List to CMHC.

- (d) **Negative Covenants.** Each Credit Party covenants and agrees with CMHC, while this Agreement is in effect and except as otherwise permitted by the prior written consent of CMHC, that it shall not:
  - (i) take any action, or permit any action to be taken, constituting or likely to result in a breach of any provision in this Agreement;
  - (ii) make any Disposition, or permit any Disposition to be made, of any Property (or any portion thereof) other than in accordance with the terms hereof;
  - (iii) change its name without providing CMHC with at least thirty (30) days' prior written notice thereof;
  - (iv) make any change to its fiscal year end;
  - (v) consolidate, amalgamate or merge with any other Person; enter into any corporate reorganization or other transaction intended to effect or otherwise permit a change in its existing corporate structure; voluntarily liquidate, wind-up or dissolve itself, or permit any voluntary liquidation, winding-up or dissolution, in each case without the prior written consent of CMHC (which consent may be withheld in its sole and absolute discretion), and the Credit Parties agree to pay any fees and costs of CMHC in connection with any of the foregoing;
  - (vi) amend its organizational documents, or permit its organizational documents to be amended, in a manner that would be prejudicial to the interests of CMHC under the Loan Documents;
  - (vii) permit all or any portion of any Property to be owned by any other Person, except pursuant to a Disposition made in accordance with the terms hereof;
  - (viii) permit any Encumbrance to exist upon any Property or Collateral, except Permitted Encumbrances;

- (ix) without the prior written consent of CMHC (A) revise (or permit to be revised) the Plans and Specifications in any material respect; or (B) make (or permit to be made) any material modifications to the Repair Program that could cause the Repair Program not to be maintained and operated in accordance with the Plans and Specifications as approved by CMHC (and upon any such revision the Borrower shall forthwith provide a copy to CMHC);
  - (x) permit the Repair Program or the Portfolio to be owned, maintained or operated by or on behalf of any Person other than the Borrower;
  - (xi) without the prior written consent of CMHC, enter into any new Material Repair Program Document, or make or permit any material amendment, variation or alteration to, or consent to any assignment or transfer of, or waive or surrender any of its material rights or material entitlements under, any Material Repair Program Document;
  - (xii) amend or permit the amendment of the Repair Program Budget without the prior written consent of CMHC (regardless of whether such changes are within the initial contingency budget), and upon any revision of the Repair Program Budget, the Borrower will forthwith provide a copy to CMHC;
  - (xiii) revise or permit the revision of the Repair Schedule without the prior written consent of CMHC and only so long as the Borrower can demonstrate that it has contributed additional Borrower Contribution sufficient to cover any increased Repair Program Costs including any cost overruns arising in connection therewith;
  - (xiv) enter into or renew, amend, terminate, forfeit or cancel any Repair Contracts (or permit such actions) without CMHC's prior written approval, and for such purposes the Borrower shall provide drafts of all Repair Contracts and any amendments thereto to CMHC prior to their acceptance by the Borrower;
  - (xv) enter into or renew, amend, terminate, forfeit or cancel any Leases in respect of the Portfolio, unless such amendments, renewals, terminations, forfeitures or cancellations reflect in all material respects good business practice and such material terms as a prudent owner of a similar property would accept having regard to all relevant factors and the leasing practice in the market at the relevant time;
  - (xvi) with respect to the Borrower only, incur any Debt which exceeds the Permitted Debt Level; or
  - (xvii) become a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada).
- (e) Sections 14(a)(iii), 14(a)(xiv), 14(b), 14(c)(i) to (iv), 14(c)(vi) to (xi), 14(d)(i) to (xi) and 14(d)(xv) to (xvii) shall survive and remain in full force and effect in accordance with their terms, notwithstanding the termination of this Agreement or the repayment, satisfaction or discharge of all obligations under any Loan Document until the termination of the Operating Agreement.

## 15 DEFAULT

Without limiting any other rights of CMHC under this Agreement, if any one or more of the following events (herein an “**Event of Default**”) has occurred and is continuing:

- (a) use of the proceeds of the Loans received by the Borrower for purposes other than the purpose set out in Section 2(c), including use of the proceeds of the Loans for any purpose other than the purpose for which they were advanced;
- (b) fraud or intentional misrepresentation by any Credit Party;
- (c) gross negligence or criminal acts of any Credit Party resulting in the forfeiture, seizure or loss of any Property or any portion thereof;
- (d) misapplication or misappropriation of rents, insurance proceeds or condemnation awards received by any Credit Party;
- (e) any Credit Party fails to pay when due any amounts payable under the Loan Documents, and such failure remains un-remedied for three (3) Business Days;
- (f) any Credit Party breaches or fails to fulfill any one or more of its obligations under the Loan Documents, other than non-payment (which is addressed in paragraph (e) above), and has not remedied such breach or failure to the sole satisfaction of CMHC, within any cure period provided for herein or in the other Loan Documents, as applicable;
- (g) any fraud, misconduct, or false Integrity Declaration (or failure by any Credit Party to advise CMHC of any change in circumstances, subsequent to such Credit Party's submission to CMHC of the Integrity Declaration, which would thereafter prevent such Credit Party from confirming the truth and accuracy of the contents therein);
- (h) any representation or warranty made or deemed to have been made by any Credit Party in any Loan Document or in any certificate or ancillary document provided for in any Loan Document shall be false or inaccurate in any materially adverse respect;
- (i) if CMHC (in its sole and absolute discretion) considers that the Repair Program is not proceeding in a timely manner or if the Borrower otherwise discontinues or abandons the Repair Program (for a single period of twenty (20) days or more);
- (j) if CMHC (in its sole and absolute discretion) considers that the Portfolio Affordability Requirements, Portfolio Accessibility Requirements and Portfolio Energy Efficiency Requirements are not satisfied or that the Borrower is not making timely progress toward the satisfaction of the Portfolio Affordability Requirements, Portfolio Accessibility Requirements and Portfolio Energy Efficiency Requirements;
- (k) if substantial completion of the Repair Program has not been achieved by the Repair Program Completion Outside Date;
- (l) if CMHC (in its sole and absolute discretion) considers that a Material Adverse Change has occurred;
- (m) any Credit Party is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, insolvent;
- (n) if proceedings are started by any person to dissolve, liquidate, or wind-up any Credit Party or to suspend any of its operations;
- (o) any secured creditor, encumbrancer or lienholder, or any trustee, receiver, receiver and manager, agent, bailiff or other similar official appointed by or acting for any secured creditor, encumbrancer or lienholder, takes possession of, or forecloses or retains, or sells or otherwise disposes of, or otherwise proceeds to enforce security over all or any

significant part of the assets of any Credit Party or gives notice of its intention to do any of the foregoing;

- (p) any Encumbrance securing an obligation of any Credit Party to CMHC shall, in whole or in part, cease to be a perfected as required pursuant to the Loan Documents;
- (q) any breach or default by any Credit Party under any Co-Investment Agreement or under any other CMHC loan or contribution program (or any related operating agreement); or
- (r) if any other event or circumstance occurs that CMHC (in its sole and absolute discretion) considers is likely to materially and adversely affect the ability of the Borrower to successfully proceed with the Repair Program or of any Credit Party to otherwise perform all or any of its obligations under the Loan Documents,

then, in such event, the ability of the Borrower to make further Drawdowns under the Loan Facilities shall immediately terminate and CMHC may at its option, by written notice to the Borrower, (i) terminate its commitments hereunder, and (ii) declare the Loans to be immediately due and payable in whole, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Credit Parties accrued hereunder and under the other Loan Documents, shall become due and payable immediately, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Credit Parties.

## 16 REMEDIES

The rights set out herein shall be without limitation, and shall be in addition to all other rights and remedies of CMHC otherwise available under any other provision of the Loan Documents, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, all of which rights shall be cumulative. Furthermore, each of the Credit Parties acknowledges and agrees that:

- (a) the Program and the Loans made to the Borrower in support of the Repair Program are intended to further the public interest by achieving certain social outcomes which are of fundamental importance to the federal government of Canada and its agencies, including CMHC;
- (b) CMHC would not have made the Loans to the Borrower without receiving the commitment of the Credit Parties to comply with the covenants set forth in this Agreement (including the special covenants set out under Section 14(b));
- (c) in the event of default under this Agreement, CMHC, the Program, other affordable housing providers, the broader affordable housing sector and the public interest will sustain harm, the extent of which cannot be pre-determined or remedied through compensation;
- (d) without restricting or limiting the remedies CMHC may otherwise have upon a breach of this Agreement, CMHC may seek relief by other available legal and equitable remedies, including, without limitation, damages, disgorgement of profits and/or remedies of seizure, injunction and specific performance notwithstanding the termination of this Agreement; and
- (e) all costs and expenses, including the fees of appraisers, advisors, consultants and lawyers, associated with enforcing CMHC's rights under the Loan Documents shall be at the cost of the Credit Parties.

## 17 INDEMNIFICATION

- (a) Each of the Credit Parties irrevocably and unconditionally agrees, jointly and severally, to indemnify and hold harmless CMHC, and any of its officers, directors, employees,

controlling persons, members and representatives, and any of its successors (each of the foregoing, an “**Indemnified Person**”) from and against any and all losses, claims, damages, liabilities, fees, costs and expenses (including fees and disbursements of legal counsel, accounting advisors, receivers and other advisors, together with any interest that may accrue) in connection with:

- (i) enforcement of rights and remedies of CMHC in respect of any Credit Party under the Loan Documents, the PPSA or at law; and
- (ii) the failure of any Credit Party to comply with all Environmental Laws and any losses suffered by such Indemnified Person for, in connection with, or as a direct or indirect result of, the presence of any Hazardous Material situated in, on or under or migrating from or to the Properties, or as a direct or indirect result of, any legal or administrative proceedings with respect to the presence of any Hazardous Material in, on or under, migrating from or to the Properties (for the avoidance of doubt, including, without limitation the buildings on the Properties), or the discharge, emission, leak, spill, radiation or disposal by any Credit Party of any Hazardous Material into or upon the Properties (for the avoidance of doubt, including, without limitation, the buildings on the Properties), the atmosphere, or any watercourse or body of water; including the costs (including legal and professional fees on a full indemnity basis) of defending and/or counterclaiming or claiming against third parties in respect of any action or matter and any cost, liability or damage arising out of a settlement entered into by any Indemnified Person of any such action or matter,

whether individual, joint and several, or otherwise, to which any such Indemnified Person may become subject arising out of or in connection with this Agreement, any other Loan Document or any actual or threatened claims, actions, suits, inquiries, litigation, investigation or proceeding (any such claims, actions, suits, inquiries, litigation, investigation or proceeding, a “**Proceeding**”) relating to any of the foregoing, regardless of whether any such Indemnified Person is a party thereto, provided that none of CMHC or any Credit Party, any other Indemnified Person, any of such Person’s respective affiliates, or the respective directors, officers, employees, advisors, and agents of any of the foregoing, shall be liable for any indirect, special, punitive or consequential damages in connection with this Agreement or any other Loan Document; and provided further that, that the foregoing shall not apply to indemnity obligations with respect to damages of such type suffered by a third party and for which an Indemnified Person may be or become liable. This indemnity is independent of and in addition to any right CMHC may have to seek recovery of costs in any litigation that may result in respect of this Agreement or any other Loan Document, and shall form part of the obligations secured. The indemnity obligations contained in this Section 17 shall survive and remain in full force and effect in accordance with their terms, notwithstanding the termination of this Agreement or the repayment, satisfaction or discharge of all obligations under any Loan Document.

- (b) Each of the Credit Parties also agrees, jointly and severally, to pay (or, at the discretion of such Indemnified Person, reimburse) each such Indemnified Person promptly upon demand for any reasonable fees of legal counsel, court costs, fees of expert witnesses, and other reasonable fees, costs or expenses incurred in connection with investigating or defending any of the foregoing or in connection with the enforcement of any provision of this Agreement, provided that the indemnity will not, as to any Indemnified Person, apply to losses, claims, damages, liabilities or related expenses to the extent that they are found in a court of competent jurisdiction to have resulted from the gross negligence or wilful misconduct of such Indemnified Person.
- (c) Each of the Credit Parties will not, without the prior written consent of each applicable Indemnified Person, effect any settlement of any pending or threatened Proceedings in

respect of which indemnity could have been sought hereunder by such Indemnified Person unless such settlement (i) includes an unconditional release of such Indemnified Person in form and substance reasonably satisfactory to such Indemnified Person from all liability on claims that are the subject matter of such Proceedings, (ii) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person, and (iii) includes customary confidentiality and non-disparagement agreements.

- (d) Any costs incurred by CMHC under this Agreement shall, from the date of such costs being incurred by CMHC through to the date such costs are repaid by the Credit Parties, be deemed advanced to the Credit Parties and shall form part of the obligations secured by this Agreement.

## 18 FUNDING AND RIGHT TO TERMINATE

- (a) Notwithstanding any provision to the contrary, CMHC may terminate the Available Commitment by written notice to the Borrower if CMHC, in its sole and absolute discretion, considers that (i) fraud, misconduct or misrepresentation by any Credit Party or a representative of any Credit Party has occurred; or (ii) any Credit Party has made a false Integrity Declaration or any Credit Party has failed to advise CMHC of any change in circumstances, subsequent to the submission by such Credit Party to CMHC of its Integrity Declaration, which would thereafter prevent any Credit Party from confirming the truth and accuracy of the contents therein.
- (b) CMHC may terminate the Available Commitment by written notice (such notice, the “**Notice of Termination**”) to the Borrower for any reason if funding for the Program is no longer available due to no or insufficient appropriations by the Government of Canada. In such event, CMHC will advance funding for the invoices relating to the Repair Program Costs expended by the Borrower or invoiced to the Borrower for Completed Work up to the date of the Notice of Termination.

## 19 COMMON TERMS

The following provisions apply to this Agreement and the other Loan Documents and are referred to in the Loan Documents as the “**Common Terms**”:

- (a) **Interpretation.** Any reference in this Agreement to gender includes all genders and words importing the singular include the plural and vice versa (and definitions of terms herein apply equally to the singular and plural forms of the terms so defined). The division of this Agreement into Sections, Exhibits and Schedules and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this Agreement. The Schedules are considered to be part of this Agreement.
- (b) **Currency.** Unless otherwise provided, all dollar amounts are in Canadian currency.
- (c) **Accounting Terms.** Accounting terms used in connection with this Agreement are to be interpreted in accordance with accounting principles generally accepted in Canada, including those set out in the CPA Canada Handbook at the relevant time in effect from time to time in Canada applied in a consistent manner.
- (d) **Limitations.** Neither the preparation and execution of the Loan Documents nor the perfection of the security interests created under the Security Documents or the advance of any monies by CMHC shall bind CMHC to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of any Credit Party

to CMHC. The eligibility of the Borrower for the Loans does not constitute an assurance that it will be approved for CMHC loan insurance, or other forms of CMHC or federal assistance.

- (e) **Successors and Assignment.** This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns. CMHC may assign all or part of its rights and obligations under this Agreement to any Person. The rights and obligations of the Credit Parties under this Agreement may not be assigned without the prior written consent of CMHC.
- (f) **Set-Off.** CMHC is authorized, but not obligated, at any time, to apply any amount, whether or not then due, which CMHC otherwise owes any Credit Party, towards satisfaction of the obligations of such Credit Party due to CMHC under this Agreement or any other Loan Document. In any claims by CMHC against any of the Credit Parties, such Credit Party may not assert any set-off or counterclaim that it may have against CMHC.
- (g) **Notices.** Any notice, direction, demand or other communication given under this Agreement shall, except as otherwise permitted, be in writing and given by delivering it (personally or by courier) or sending it by electronic means addressed to the relevant party at the address set out on the signature pages of this Agreement. Any such communication is deemed to have been validly and effectively given if delivered or transmitted by electronic means on the day of such delivery or transmission if such day is a Business Day and delivery or transmission was made prior to 4:00 pm (Ottawa time) and otherwise on the next Business Day. Any party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to the party at its changed address.
- (h) **Statutory Notice.** Notwithstanding the Notice provision of these Common Terms, if any statute in force in Ontario relating to the enforcement of the Security Documents requires notice to be given in a manner different from that set forth herein, notice given in the manner prescribed by such statute shall be effectively made under the relevant Security Document.
- (i) **Amendments and Waivers.** No amendment or waiver of any provision of this Agreement will be effective unless it is in writing signed by the Credit Parties and CMHC. No failure or delay, on the part of CMHC, in exercising any right or power hereunder or under any Loan Document shall operate as a waiver thereof.
- (j) **Rights Cumulative.** CMHC's rights and remedies set out in the Loan Documents and in any other agreement held by CMHC from any Credit Party are cumulative and no right or remedy contained in the Loan Documents is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between any Credit Party and CMHC that may be in effect from time to time.
- (k) **Severability.** If any term, covenant, obligation or provision in this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor invalidate, affect or impair any of the remaining terms, covenants, obligations or provisions of this Agreement.
- (l) **Further Assurances.** Each of the Credit Parties covenants and agrees with CMHC that it will, forthwith at any time and from time to time at the request of CMHC and at its own cost, execute and deliver to CMHC all such financing statements, schedules, assignments, instruments, deeds and documents and do all such further acts and things which CMHC may require for the purpose of carrying into effect the purposes of this Agreement or to better evidence and perfect the security interest, assignment and mortgage and charge

granted, including in connection with any changes to Applicable Laws (whether arising as a result of statutory amendments, court decisions or otherwise) which requires the execution and delivery of different forms of documentation. After the occurrence of an Event of Default and for so long as such Event of Default is continuing, each of the Credit Parties irrevocably constitutes and appoints CMHC, or any receiver appointed by the court or CMHC, its true and lawful attorney (such power of attorney, being coupled with an interest, shall not be revoked by the dissolution, surrender of charter, winding-up, bankruptcy or insolvency of that party), with full power of substitution, to do any of the foregoing in its name whenever and wherever CMHC or any such receiver may consider it to be necessary or expedient. For the avoidance of doubt, the Credit Parties will bear the reasonable or invoiced out-of-pocket fees, costs and expenses incurred by CMHC in connection with this Section 19(l) on a joint and several basis.

- (m) **No Partnership.** Nothing herein contained shall be deemed or construed by the parties hereto or by any third party as creating the relationship of principal and agent or of partnership or of joint venture between any Credit Party and CMHC; it being understood and agreed that none of the provisions herein contained or any acts of CMHC or any Credit Party, shall be deemed to create any relationship between CMHC and such Credit Party other than the relationship of lender and borrower or guarantor, as applicable. Each of the Credit Parties shall rely on its own independent experts in connection with the Repair Program.
- (n) **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The courts of such jurisdiction shall exclusively hear any dispute related to the validity, interpretation or performance of this Agreement.
- (o) **Conflict.** To the extent of any conflict, ambiguity or inconsistency between the provisions of this Agreement and the provisions of the other Loan Documents, the provisions of this Agreement shall prevail to the extent of such conflict, ambiguity or inconsistency.
- (p) **Communications and Privacy.**
  - (i) Each Credit Party agrees that, if it intends to make reference to CMHC and/or the Government of Canada or the Loans, it must obtain the written consent of CMHC in advance of any communications, including communication with the public, public information products, news releases signage advertising or other activities.
  - (ii) CMHC and each Credit Party agree that where there is a request or proposal to make public any information one party has provided to the other pursuant to this Agreement the party receiving the request or proposing to make the information public will give the other party at least one month's notice to the extent possible under access to information legislation. Information the disclosure of which is prevented by federal or provincial privacy legislation will not be made public.
- (q) **No Merger.** This Agreement shall not operate by way of merger of any of the obligations hereunder.
- (r) **Entire Agreement.** This Agreement, the Loan Documents and any other written agreement delivered pursuant to or referred to in this Agreement constitute the whole and entire agreement between the parties in respect of the Loans and supersedes all prior understandings, whether written or oral, between CMHC and the Credit Parties with respect thereto. There are no verbal agreements, undertakings or representations in connection with the Loans.

- (s) **Time.** Time is of the essence in all provisions of this Agreement.
- (t) **Conflict of Interest.** Each of the Credit Parties shall avoid any conflict of interest during the term of this Agreement and shall immediately declare any existing, potential or apparent conflict and shall, upon direction of CMHC, take steps to eliminate any conflict, or perception that a conflict of interest exists or could arise. In the event that a conflict of interest, real or perceived, cannot be resolved to the satisfaction of CMHC, CMHC shall have the right to immediately terminate this Agreement by written notice to the Borrower.
- (u) **Official Languages.** In areas of significant demand, and in accordance with Ontario's *French Language Services Act*, each Credit Party agrees to provide all information and services pertaining to the Repair Program in both French and English. Each Credit Party will use the criteria for information and services in the *Official Languages Regulations* made pursuant to Canada's *Official Languages Act* as a guideline to determine "significant demand". Representatives of local French language groups will be or will have been consulted.
- (v) **No benefit.** No member of the House of Commons or of the Senate of Canada or of the Legislature of Ontario shall be admitted to any share or part of this Agreement, or to any benefit arising therefrom.
- (w) **Accountability Framework.** CMHC and each Credit Party agree that governments must be mutually accountable to the public for the use of public funds and for the achievement of housing outcomes and report these outcomes in an open, transparent, effective and timely manner.
- (x) **Counterparts and Electronic Delivery.** This Agreement may be executed in any number of separate counterparts and all such signed counterparts will together constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its signature on the execution page hereof to the other parties by means of recorded electronic transmission (including in PDF form) and such transmission shall constitute valid delivery of an executed copy of this Agreement to the receiving party.
- (y) **Return by Borrower of Mistaken Payments.** If either of the Credit Parties receives at any time from CMHC any payment in connection with this Agreement which was made as a result of a mistake or error on the part of CMHC or in respect of payments which were not due to either of the Credit Parties under this Agreement at such time (each, a "**Mistaken Payment**"), the relevant Credit Party/ies shall pay in full the amount of any such Mistaken Payment to CMHC on demand, together with interest thereon for each day from and including the date such Mistaken Payment was received by the relevant Credit Party/ies, at a fluctuating rate *per annum* equal to the interbank rate for overnight funds which is applicable to such Mistaken Payment in accordance with market practice. A certificate of CMHC submitted to either of the Credit Parties with respect to any Mistaken Payment owing under this Section shall be *prima facie* evidence thereof, absent manifest error. The parties hereto agree that a Mistaken Payment shall not pay, prepay, repay, discharge or otherwise satisfy any obligations owed by either of the Credit Parties, except, in each case, to the extent such Mistaken Payment is, and solely with respect to the amount of such Mistaken Payment that is, comprised of funds received by CMHC from any Credit Party for the purpose of making such Mistaken Payment. To the extent permitted by applicable law, neither of the Credit Parties shall assert any right or claim to a Mistaken Payment, and each of the Credit Parties hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by CMHC for the return of any Mistaken Payment received, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

*(Signature pages follow)*

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement.

**CANADA MORTGAGE AND HOUSING CORPORATION**

By:

\_\_\_\_\_  
Name:

Title:

By:

\_\_\_\_\_  
Name:

Title:

Address:

700 Montreal Road

Ottawa, ON K1A 0P7

Email: nhs-contracting@CMHC.ca

*We have authority to bind CMHC.*

**LONDON & MIDDLESEX COMMUNITY HOUSING  
INC.**

By:

\_\_\_\_\_  
Authorized Signing Officer

Name:

Address:

Email:

\_\_\_\_\_  
Authorized Signing Officer

Name:

Address:

Email:

*I/We have the authority to bind the Borrower.*

The undersigned acknowledges and confirms its agreement with the foregoing terms and conditions, as guarantor, on the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**THE CORPORATION OF THE CITY OF LONDON**

**By:**

\_\_\_\_\_  
Name:

Title:

Address:

Email:

\_\_\_\_\_  
Name:

Title:

Address:

Email:

*I have authority to bind the Guarantor.*

## SCHEDULE A DEFINITIONS

For the purpose of this Agreement, the following terms and phrases shall have the following meanings:

**“Accessibility Criteria”** means the accessibility requirements as set forth in CMHC’s minimum accessibility requirements published from time to time.

**“Action Plan”** means a plan for the Repair Program which (i) includes detailed information as to how the Borrower will meet the Portfolio Affordability Requirements, Portfolio Accessibility Requirements and Portfolio Energy Efficiency Requirements pursuant to the terms of this Agreement and such other information as CMHC deems necessary and (ii) attaches the Plans and Specifications, the Repair Program Budget and the Repair Schedule (as such plan may from time to time be amended, restated, supplemented, otherwise modified or replaced with the prior written consent of CMHC, acting in its sole and absolute discretion), and the Action Plan as at the date hereof is attached hereto as Schedule F.

**“Annual Progress Report”** has the meaning set out in Section 13(a)(ii)(B).

**“Applicable Collateral Coverage Ratio”** means, as of any date of determination, the Collateral Coverage Ratio specified in the Collateral Coverage Notice most recently delivered to the Credit Parties by CMHC.

**“Applicable Laws”** means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction in any applicable jurisdiction (and, for avoidance of doubt, Applicable Laws includes Environmental Laws).

**“Available Commitment”** has the meaning set out in Section 2(a).

**“Borrower”** has the meaning set out in the preamble.

**“Borrower Contribution”** means, at any time and from time to time, the aggregate of (a) the Net Asset Value of the Repair Properties; (b) any monetary contribution to the Repair Program by the Borrower; and (c) any non-monetary contribution to the Repair Program by the Borrower, as CMHC shall in its sole and absolute discretion consent to being included in the calculation of **“Borrower Contribution”**.

**“Business Day”** means a day on which CMHC is open for business in Ottawa, Ontario excluding Saturday, Sunday and any other day which shall be a holiday or a day on which banking institutions are closed in the Province of Ontario.

**“CCQ”** means the Civil Code of Quebec, and, where applicable, the regulations promulgated thereunder.

**“Closing Date”** has the meaning ascribed thereto in Section 8(a).

**“Co-Investment Agreements”** means the agreements, commitments or other arrangements between the Borrower, on the one hand, and the Guarantor or any other Person, on the other hand, where such Person has agreed to invest, contribute (whether monetarily or otherwise) or provide funding with respect to the Repair Program, and **“Co-Investment Agreement”** means any of them.

**“Collateral”** means all property (whether real or personal and whether now owned or hereafter acquired) in respect of which any Encumbrance has been granted (or purported to have been granted) pursuant to any Security Document.

**“Collateral Coverage Notice”** has the meaning set out in Section 14(a)(xviii).

**“Collateral Coverage Ratio”** means, as of any date of determination, the ratio of (i) the most recent Net Asset Value of the Mortgaged Properties to (ii) the Available Commitment as of such date of determination.

**“Common Terms”** has the meaning ascribed thereto in Section 19.

**“Completed Work”** shall mean work completed and in place in connection with the Repair Program.

**“Completion Report”** means, in respect of any Drawdown Notice delivered hereunder, a report satisfactory to CMHC in its sole and absolute discretion showing the actual Repair Program Costs expended by the Borrower or invoiced to the Borrower for Completed Work that will be funded with the proceeds of the corresponding Drawdown, including a summary and line-by-line itemization, and attached to such Drawdown Notice as Appendix A thereto.

**“Construction Lien Act”** means *Construction Act*, R.S.O. 1990, c. C.30, and any amendments or successor legislation thereto.

**“Consultant Contracts”** means the contracts entered into by or on behalf of the Borrower with Consultants in respect of the Repair Program.

**“Consultants”** means, as applicable, the architect and any geotechnical, environmental and other engineers for the Repair Program.

**“Costs to Complete”** means, as at the date of calculation, that amount established by CMHC, which is the aggregate of (without duplication):

- (a) the amount of all Repair Program Costs not then actually incurred for Completed Work (by payment by the Borrower or invoiced to the Borrower); and
- (b) the amount of all Repair Program Costs then actually incurred for Completed Work (as evidenced by an invoice to the Borrower), to the extent not paid in full;

as of such date.

**“Credit Parties”** means the Borrower and the Guarantor, and **“Credit Party”** means any one of them.

**“DBRS Morningstar”** means DBRS Limited and its successors.

**“Debt”** means, with respect to any Person, all obligations that, in accordance with GAAP, would then be classified as a liability of such Person, provided, however, that there will not be included for the purpose of this definition any obligation that is on account of (A) reserves for deferred income taxes or general contingencies, (B) minority interests in subsidiaries, (C) trade accounts payable and accrued liabilities (including contract loans and income taxes payable) incurred in the ordinary course of business, or (D) deposits made by tenants pursuant to the terms of their related Leases.

**“Debt Service Coverage Ratio”** means, as of the date of determination, the ratio of the Borrower’s annual net operating income (determined in accordance with GAAP) from the Repair Properties to the cash required annually by the Borrower to cover the repayment of all interest and principal on outstanding indebtedness relating to the Repair Properties, for the Borrower’s most recently ended four full fiscal quarters for which internal annual or quarterly financial statements are available.

**“Designated Properties”** means (a) such real properties (if any) of the Credit Parties as shall have been agreed to in writing by CMHC in its sole and absolute discretion in consultation with the Credit Parties following the delivery of a Collateral Coverage Notice and (b) all structures and improvements on such real properties from time to time, and **“Designated Property”** means any one of them.

**“Disposition”** means, with respect to a Person, any sale, assignment, transfer, conveyance, lease, licence or other disposition of any nature or kind whatsoever of any property or of any right, title or interest in or to any property, and the verb **“Dispose”** has a corresponding meaning.

**“Drawdown”** has the meaning set out in Section 3(a).

**“Drawdown Date”** has the meaning set out in Section 3(e).

**“Drawdown Notice”** has the meaning set out in Section 3(c).

**“Drawdown Schedule”** means the schedule of when advances will be requested in connection with this Agreement and, as required by CMHC, any Co-Investment Agreement and the annual Loan commitment amounts described therein, which shall be appended hereto as Schedule E (as such schedule may from time to time be amended, restated, supplemented, otherwise modified or replaced with the prior written consent of CMHC, acting in its sole and absolute discretion).

**“Encumbrance”** or **“Encumbrances”** means, with respect to any Person, any mortgage, debenture, pledge, hypothec, lien, charge, assignment by way of security, title retention agreement or arrangement, hypothecation or security interest granted or permitted by such Person or arising by operation of law, in respect of any of such Person’s property, or any consignment by way of security or capital lease of property by such Person as consignee or lessee, as the case may be, or any other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or other obligation (and including, for the avoidance of doubt and without limitation, any financing statement under the PPSA, any registration or recording on title to any real property and any other statement, registration, recording, notice or other filing under any statute governing notice of security interests in real or personal property).

**“Energy Efficiency Report”** means the report entitled “Equest Modelling Results”, together with the reliance letter dated September 28, 2020 and addressed to CMHC, which report is prepared by Efficiency Engineering (a Kontrol Energy Company) using designated energy simulation software satisfactory to CMHC and details the analysis of the energy consumption and greenhouse gas (**“GHG”**) emission performance of the Repair Properties prior to execution of the Repair Program and the analysis of energy consumption and GHG emission performance of the Repair Properties following the completion of the execution of the Repair Program.

**“Environmental Laws”** means all requirements of the common law or of statutes, regulations, by-laws, ordinances, treaties, judgments and decrees, and (to the extent that they have the force of law) rules, policies, guidelines, orders, approvals, notices, permits, directives, and the like, of any Governmental Authority in the relevant jurisdiction relating to environmental or occupational health and safety matters (as they relate to exposure to a hazardous substance) and the assets and undertaking of such Person and the intended uses thereof in connection with such matters, including all such requirements relating to: (a) the protection, preservation or remediation of the natural environment (the air, land, surface water or groundwater); (b) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation; (c) consumer, occupational or public safety and health (as they relate to exposure to a hazardous substance); and (d) hazardous substances or conditions (matters that are prohibited, controlled or otherwise regulated, such as contaminants, pollutants, toxic substances, dangerous goods, wastes, hazardous wastes, liquid industrial wastes, hazardous substance, petroleum and other materials such as urea formaldehyde and polyurethane foam insulation, asbestos or asbestos-containing materials, polychlorinated biphenyls (PCBs) or PCB-contaminated fluids or equipment, lead-based paint, explosives, radioactive substances, petroleum and associated products, above ground and underground storage tanks or surface impoundments).

**“Event of Default”** has the meaning set out in Section 15.

**“Existing Repayable Loan”** has the meaning set out in Section 6(g).

**“Extended Maturity Date”** has the meaning set out in Section 6(g).

**“Extended Repayable Loans”** has the meaning set out in Section 6(g).

**“Extension”** has the meaning set out in Section 6(g).

**“Extension Offer”** has the meaning set out in Section 6(g).

**“Force Majeure”** means any of the following events which prevents or materially impairs the operation of the Repair Program and is not caused by and is beyond the reasonable control of the Borrower: acts of God, floods, earthquakes, tidal waves, hurricanes, windstorms, severe weather conditions, lightning, fire, wars (whether declared or not), riots, insurrections, rebellions, civil commotions, sabotage, partial or entire failure of utilities, strikes, walkouts or other labour disruptions, delays in transportation, accidents, shortages of and inability to procure labour, materials and supplies (after all reasonable efforts have been made by the Borrower to obtain replacement for such labour, materials and supplies); orders, legislation, regulations and directives of any Governmental Authorities; or epidemics, pandemics, or other national or regional emergencies (including, without limitation, any localized or widespread occurrence of an infectious virus, disease, pathogen or other harmful agent). For greater certainty, lack of funds, the state of the apartment rental market in the relevant jurisdiction or any wilful or negligent act or omission on the part of the Borrower (or any of them) does not constitute Force Majeure.

**“Forgivable Loan”** means the aggregate of all advances actually made under the Forgivable Loan Facility.

**“Forgivable Loan Commitment Amounts”** has the meaning set out in Section 2(a)(ii).

**“Forgivable Loan Facility”** has the meaning set out in Section 2(a)(ii).

**“GAAP”** means those accounting principles that are from time to time approved by the Chartered Professional Accountants of Canada, or any successor institute, including Canadian Public Sector Accounting Standards.

**“Governmental Authority”** means the government of Canada or any other nation, or of any political subdivision thereof, whether provincial, territorial, state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supranational bodies and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency.

**“Guarantor”** has the meaning set out in the preamble.

**“Hard Costs”** means any amounts expended or to be expended for work, services or materials done, performed, placed or furnished in connection with the Repair Program, all as more particularly set out in the Repair Program Budget (and, for the avoidance of doubt, Hard Costs shall not include amounts payable pursuant to the terms of the Consultant Contracts).

**“Hazardous Materials”** means any contaminant, pollutant, waste or substance that is likely to cause immediately or at some future time harm or degradation to the surrounding environment or risk to human health; and without restricting the generality of the foregoing, including any pollutants, contaminants, waste, hazardous waste or dangerous goods that are regulated by any Environmental Laws or that are designated, classified, listed or defined as hazardous, toxic, radioactive or dangerous or as a contaminant, pollutant or waste by any Environmental Laws.

**“Holdback”** means any amount required to be retained by or on behalf of any Credit Party in respect of the value of work, services and materials actually done, performed, placed or furnished on or in the Properties, in accordance with the Construction Lien Act.

**“Housing Unit”** means:

- (a) a dwelling unit, including a bed, in respect of a Property in the Portfolio that is shelter accommodation; or
- (b) a self-contained residential dwelling unit intended for human habitation as housing accommodation, in respect of a Property in the Portfolio that is affordable rental housing, shelter housing, transitional housing, supportive housing, community housing, mixed use market and affordable rental housing or urban indigenous community housing.

**“Indemnified Person”** has the meaning set out in Section 17(a).

**“Insurance Consultant”** means an insurance consultant who is a Qualified Professional satisfactory to CMHC in its sole and absolute discretion.

**“Insurance Requirements”** means the insurance requirements of CMHC from time to time as applied by CMHC to the Repair Program and the Properties, which shall be at least the minimum insurance requirements as set forth in Schedule H (as such schedule may be amended, supplemented or replaced from time to time by CMHC in its sole and absolute discretion) with insurers licensed to carry on business in the jurisdiction of the Properties, with an A.M. Best Company, Inc. financial rating of not less than A– (unless CMHC in its sole and absolute discretion consents to another standard).

**“Interest Rate”** means the fixed rate of interest confirmed by CMHC pursuant to Section 4.

**“Integrity Declaration”** means the declaration made by each Credit Party and submitted to CMHC in connection with its application for the Loan Facilities, including any schedules attached thereto, with any amendments thereto as acknowledged by CMHC, as such declaration may from time to time be amended, restated, supplemented, otherwise modified or replaced with the prior written consent of CMHC, acting in its sole and absolute discretion.

**“Lease”** means any lease, sublease, agreement to lease, offer to lease, licence or right of occupation granted from time to time entitling the lessee, sublessee or grantee thereunder to use or occupy all or any part of any Property.

**“Loans”** means, collectively, the Repayable Loans and the Forgivable Loan.

**“Loan Documents”** means (a) this Agreement, (b) the Security Documents, (c) any guarantee and/or indemnity granted by the Guarantor, and (d) all present and future agreements, documents, certificates and instruments delivered by the Credit Parties to CMHC pursuant to or in respect of this Agreement or the Security Documents, in each case as the same may at any time and from time to time be amended, restated, supplemented, otherwise modified or replaced, and **“Loan Document”** means any one of the Loan Documents.

**“Loan Facilities”** has the meaning set out in Section 2(a)(ii).

**“Material Adverse Change”** means any event or occurrence which, when considered individually or together with other events or occurrences, has a material adverse effect on (a) the business, assets, liabilities, operations, results of operations, condition (financial or other) or prospects of any of the Credit Parties; (b) the operation of the Repair Program in accordance with the terms hereof, including the satisfaction of the Portfolio Accessibility Requirements, the Portfolio Affordability Requirements and the Portfolio Energy Efficiency Requirements; (c) the ability of any of the Credit Parties to perform its obligations in all material respects; (d) the Net Asset Value of the Repair Properties or the Net Asset Value of the Designated Properties; (e) the value of any of the Collateral; (f) the enforceability of the Loan Documents; or (g) any Encumbrance securing any obligation of any Credit Party to CMHC. For the avoidance of doubt,

Material Adverse Change does not include a change in general economic conditions unless same in turn causes any of the foregoing events.

**“Material Licences”** means all licences, permits or approvals issued by any Governmental Authority to a Credit Party and which are at any time on or after the date of this Agreement necessary or material to the Repair Program or the breach or default of which would result in a Material Adverse Change.

**“Material Repair Program Documents”** means:

- (a) the Repair Program Budget;
- (b) the Plans and Specifications;
- (c) the Repair Schedule; and
- (d) all development agreements and other material contracts with respect to the Repair Program designated as Material Repair Program Documents by CMHC from time to time, provided that CMHC has notified the Borrower of such designation,

and **“Material Repair Program Document”** means any one of them.

**“Maximum CMHC Funding Proportion”** means **[58.52]**%<sup>1</sup> of the aggregate of all funding by CMHC, the Guarantor and other funding sources (pursuant to any Co-Investment Agreements or otherwise) of Repair Program Costs that the Borrower has expended or that have been invoiced to the Borrower in respect of only Completed Work under the Repair Program, tested as of December 31, 2027, as evidenced by the delivery of the annual financial reports and financial statements provided to CMHC pursuant to Section 13(a)(ii) and (c) in respect of the 2027 fiscal year.

**“Median Market Rental Rate”** means the median rental rate for the City of London rental market and relevant Housing Unit type within the Portfolio, as described in CMHC’s rental market survey or any successor publication published from time to time.

**“Minimum Borrower Contribution”** means an amount of Borrower Contribution that ensures that (x) the sum of (A) the Borrower Contribution; (B) the undrawn portion of the Loan Facilities; and (C) any other undrawn capital sources that CMHC may, in its sole and absolute discretion, approve, at all times exceeds (y) the Costs to Complete.

**“Minimum Unit Count”** has the meaning set out in Section 8(a)(xvii).

**“Mistaken Payment”** has the meaning ascribed thereto in Section 19(y).

**“Moody’s”** means Moody’s Investors Service, Inc. and its successors.

**“Mortgaged Properties”** means the Designated Properties in respect of which all of the Post-Closing Mortgaged Property Requirements have been satisfied, and **“Mortgaged Property”** means any one of the Mortgaged Properties.

**“Net Asset Value”** means, with respect to any Property, the net valuation of such Property as assessed by the Municipal Property Assessment Corporation.

**“Notice of Termination”** has the meaning set out in Section 18(b).

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<sup>1</sup> Note to Draft: May need to be adjusted once the funding schedule is settled.

**“Offset Properties”** means any and all Designated Properties that are not Repair Properties, and **“Offset Property”** means any one of the Offset Properties.

**“Operating Agreement”** means an agreement entered into between the Credit Parties and CMHC with respect to, *inter alia*, the obligation of the Credit Parties to adhere to certain covenants relating to the Repair Program Execution and operation of the Repair Properties, as set out in more detail therein, during and after the expiration of the Term.

**“Permits”** means all permits, consents, orders, waivers, applications, authorizations, licences, certificates, approvals, registrations, franchises, rights, privileges and exemptions or the like issued or granted to any Credit Party by any Governmental Authority or by any third party to any Credit Party or with respect to any Property (including any Permits relating to Environmental Laws).

**“Permitted Debt Level”** means Debt which does not exceed 85% of the Net Asset Value of the Repair Properties at any given time.

**“Permitted Encumbrance”** means (i) in the case of any Repair Property that is not a Post-Closing Designated Property, the Encumbrances described in Schedule C and any other Encumbrance, provided that each Encumbrance would not individually or in the aggregate with other Encumbrances constitute, or could reasonably become, a Material Adverse Change and (ii) in the case of any Collateral, the Encumbrances described in Schedule C.

**“Person”** includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof, and any other incorporated or unincorporated entity.

**“Plans and Specifications”** means the plans and specifications (including all structural, architectural, mechanical, electrical, landscape and interior design specifications) pertaining to the development and execution of the Repair Program prepared by or at the direction of the Borrower and approved by CMHC prior to the date hereof (as such plans and specifications may from time to time be amended, restated, supplemented, otherwise modified or replaced with the prior written consent of CMHC, acting in its sole and absolute discretion).

**“Portfolio”** means all of the Repair Properties and Subject Units considered together as a whole.

**“Portfolio Accessibility Requirements”** has the meaning set out in Section 14(b)(ii).

**“Portfolio Affordability Requirements”** has the meaning set out in Section 14(b)(i).

**“Portfolio Energy Efficiency Requirements”** has the meaning set out in Section 14(b)(iii).

**“Post-Closing Designated Properties”** means (a) such real properties (if any) of the Credit Parties as shall have been agreed to in writing by CMHC in its sole and absolute discretion in consultation with the Credit Parties following the delivery of a Collateral Coverage Notice and (b) all structures and improvements on such real properties from time to time, and **“Post-Closing Designated Property”** means any one of the Post-Closing Designated Properties.

**“Post-Closing Mortgaged Property Requirements”** means, with respect to any Post-Closing Designated Property:

- (a) all the requirement of Section 10(a)(iv) shall have been satisfied with respect to such Post-Closing Designated Property;
- (b) CMHC shall be satisfied with PPSA, insolvency and judgment searches against each Credit Party that owns such Post-Closing Designated Property in those jurisdictions as

CMHC shall make confirming that such Post-Closing Designated Property and all other Collateral relating thereto are not subject to any Encumbrances other than Permitted Encumbrances;

- (c) CMHC shall be satisfied with sub-searches confirming that no Encumbrances have been registered on title to such Post-Closing Designated Property other than Permitted Encumbrances;
- (d) CMHC shall be satisfied with the results of its diligence, including title, zoning, permitting and legal diligence in respect of such Post-Closing Designated Property and all other Collateral relating thereto;
- (e) CMHC shall have received evidence of the completion of, or of arrangements reasonably satisfactory to CMHC for the completion of, all other actions, recordings and filings of any documentation with respect to such Post-Closing Designated Property and all other Collateral relating thereto that CMHC may deem necessary in order to protect, perfect and maintain the security interests created by the Security Documents;
- (f) CMHC shall have received a legal opinion from counsel to the of the applicable Credit Party, addressed to CMHC, as to such matters as CMHC may require in connection with the granting of security in favour of CMHC in respect of such Post-Closing Designated Property and all other Collateral relating thereto and the entry by such Credit Party into the Loan Documents executed and delivered by it in connection therewith;
- (g) CMHC shall have received evidence that a lender's policy of title insurance in favour of CMHC satisfactory to it has been put in place with respect to such Post-Closing Designated Property;
- (h) CMHC shall have received either (i) evidence satisfactory to CMHC from an independent qualified environmental consultant satisfactory to CMHC that such Post-Closing Designated Property is not impacted by Hazardous Materials, provided that any reports prepared by such consultant shall be supported by reliance letters addressed to CMHC; or (ii) evidence that such Post-Closing Designated Property has been remediated/cleaned up of any Hazardous Materials and the results have been confirmed by an independent qualified environmental consultant satisfactory to CMHC or a record of site condition has been accepted by the applicable environmental and any relevant Governmental Authority, provided that any reports prepared by such consultant shall be supported by reliance letters addressed to CMHC, as determined (in CMHC's discretion) to be required in respect of the relevant Post-Closing Designated Property; and
- (i) CMHC shall have received evidence that the Credit Parties have in place appropriate insurance for its business and assets as required by CMHC from time to time, including with respect to such Post-Closing Designated Property and all other Collateral relating thereto, that meets at least the Insurance Requirements pursuant to the terms hereof, including (A) copies of all initial certificates of insurance; and (B) an opinion of an Insurance Consultant relating to such insurance, which has been prepared in accordance with the Insurance Requirements and is in form and substance satisfactory to CMHC in its sole and absolute discretion.

**"PPSA"** means the *Personal Property Security Act* (Ontario) and the regulations thereunder, as from time to time in effect; provided, however, that if the attachment, perfection or priority of any Encumbrance in favour of CMHC on any Collateral is governed by the personal property security laws of any jurisdiction in Canada other than the laws of the Province of Ontario, **"PPSA"** means those personal property security laws (including the CCQ) in such other jurisdiction in Canada for the purposes of the provisions hereof relating to such attachment, perfection or priority and for the definitions related to such provisions.

**“Principal Amortization Date”** means, in respect of any Loan, the first day of the month following the date of the final Drawdown under the Loan Facility under which such Loan was made.

**“Properties”** means collectively, the Repair Properties and the Offset Properties, and **“Property”** means any one of them.

**“Qualified Professional”** means a professional, satisfactory to CMHC, who is qualified in the relevant field in accordance with generally accepted industry practices, and may include an individual employed by a party hereto.

**“Ratings Agencies”** means, collectively, DBRS Morningstar, Moody’s and S&P, and **“Ratings Agency”** means any one of them.

**“Ratings Trigger Event”** means, as of any date of determination, (a) any public announcement that the municipal credit rating of the Guarantor as determined by any Ratings Agency that provides a municipal credit rating for the Guarantor, whether as of the date hereof or in the future, has been down-graded by the relevant Ratings Agency below the Threshold Rating; or (b) any Ratings Agency that provides a municipal credit rating for the Guarantor, whether as of the date hereof or in the future, ceases to provide a municipal credit rating for the Guarantor.

**“Repair Contracts”** means all contracts, sub contracts and agreements entered into by or on behalf of the Borrower relating to the Repair Program Execution, including contracts, sub contracts and agreements relating to the supply of material or services to or for the Repair Program, and **“Repair Contract”** shall mean any of them.

**“Repair Program”** means capital expenditures and maintenance work in respect of the Housing Units on the Repair Properties and facilities ancillary thereto located on the Repair Properties, to preserve the useful life of the Portfolio and achieve, among other things, the Portfolio Affordability Requirements, the Portfolio Accessibility Requirements and the Portfolio Energy Efficiency Requirements in respect of the Portfolio.

**“Repair Program Budget”** means the budget of all Repair Program Costs (the aggregate amount of which shall not exceed \$68,583,856), which budget shall include a line-by-line itemization of Repair Program Costs (including contingency amounts) and specify the Net Asset Value of the Repair Properties, as prepared by the Borrower and approved by CMHC prior to the date hereof (as such budget may from time to time be amended, restated, supplemented, otherwise modified or replaced with the prior written consent of CMHC, acting in its sole and absolute discretion). The Repair Program Budget as at the date hereof is attached hereto as Schedule I.

**“Repair Program Completion Outside Date”** means December 31, 2027.

**“Repair Program Costs”** means the aggregate of all Hard Costs and all Soft Costs expended or to be expended to complete the Repair Program in accordance with the Plans and Specifications and Repair Schedule.

**“Repair Program Execution”** means the design and execution of the Repair Program in accordance with the Action Plan.

**“Repair Program Funding Account”** has the meaning ascribed thereto in Section 3(f).

**“Repair Program Loan Payment Account”** has the meaning ascribed thereto in Section 7(a).

**“Repair Properties”** means the real properties set forth on the Repair Properties List and all structures and improvements on such real properties from time to time, and **“Repair Property”** means any one of them.

**“Repair Properties List”** means Schedule D, as such list may be amended in accordance with Section 14(c) from time to time and/or otherwise amended, restated, supplemented, otherwise modified or replaced from time to time with the prior written consent of CMHC, acting in its sole and absolute discretion.

**“Repair Schedule”** means the repair and renewal schedule provided to, and approved by, CMHC prior to the date hereof (as such schedule may from time to time be amended, restated, supplemented, otherwise modified or replaced with the prior written consent of CMHC, acting in its sole and absolute discretion).

**“Repayable Loan”** means the aggregate of all advances actually made under each Repayable Loan Facility, and **“Repayable Loans”** means, collectively, all of the Repayable Loans.

**“Repayable Loan Commitment Amounts”** has the meaning set out in Section 2(a)(i).

**“Repayable Loan Facilities”** has the meaning set out in Section 2(a)(i).

**“S&P”** means S&P Global Ratings and its successors.

**“Security Documents”** means, collectively, the security agreements referred to in this Agreement (including, without limitation, Section 10) and any other security granted to CMHC as security for the Loans or any other obligations of the Credit Parties hereunder or under any of the other Loan Documents, in each case as the same may at any time and from time to time be amended, restated, supplemented, otherwise modified or replaced, and **“Security Document”** means any one of the Security Documents.

**“Social Housing Covenant Period”** means the period commencing on the date of the first Drawdown under the Loan Facilities and ending on the twentieth (20<sup>th</sup>) anniversary of the final Drawdown under the Loan Facilities.

**“Soft Costs”** means all amounts expended or to be expended in respect of the Repair Program other than Hard Costs and the cost of acquiring the Repair Properties (and, for the avoidance of doubt, Soft Costs include, without limitation, fees (excluding reimbursables for Hard Costs) payable to Consultants pursuant to the terms of any Consultant Contracts, taxes, surveys, construction insurance, bonding costs, legal fees, promotion of the Repair Program, financing, leasing, and pre-operating costs).

**“Subject Units”** has the meaning set out in Section 8(a)(xvii).

**“Term”** means, as applicable:

- (a) with respect to each Repayable Loan, ten (10) years commencing on the date of the first Drawdown under the applicable Repayable Loan Facility, subject to any extension pursuant to Section 6(g), provided that (i) if the first Drawdown is made on or before the 15<sup>th</sup> day of a month, the Term will commence on the first day of that month, and (ii) if the first advance is made after the 15<sup>th</sup> day of a month, the Term will commence on the first day of the following month; and
- (b) with respect to the Forgivable Loan, a period commencing on the date of the first Drawdown under the Forgivable Loan Facility, provided that (i) if such first Drawdown is made on or before the 15<sup>th</sup> day of a month, the Term will commence on the first day of that month, and (ii) if such first Drawdown is made after the 15<sup>th</sup> day of a month, the Term will commence on the first day of the following month, and ending on the date that is twenty (20) years after (x) the date of the final Drawdown under the Forgivable Loan Facility, if such date is on the first day of a month, or (y) the first day of the month following the date of the final Drawdown under the Forgivable Loan Facility, if the date of such final Drawdown is not on the first day of a month,

provided, however, that the Term may be extended or further extended, as the case may be, at the sole and absolute discretion of CMHC on such terms as the parties may mutually agree at the time of extension.

**“Threshold Ratings”** means:

- (a) as of any date of determination following the date hereof but prior to the occurrence of any public announcement as described in paragraph (b) following the date hereof:
  - (i) in the case of DBRS Morningstar: Not Applicable;
  - (ii) in the case of Moody’s: AAA; and
  - (iii) in the case of S&P: Not Applicable;
- (b) following any public announcement that either (i) the municipal credit rating of the Guarantor, as determined by any Ratings Agency, has either been down-graded by the relevant Ratings Agency or up-graded by the relevant Ratings Agency from time to time following the date hereof, the most recent then in effect credit ratings as determined by the applicable Rating Agency; or (ii) any Rating Agency that does not provide a municipal credit rating for the Guarantor as of the date hereof provides a municipal credit rating for the Guarantor following the date hereof, the most recent then in effect credit ratings as determined by the applicable Ratings Agency,

and **“Threshold Rating”** means any one of them.

**“Total Repayable Loan Commitment Amount”** has the meaning set out in Section 2(a)(i).

**“Total Forgivable Loan Commitment Amount”** has the meaning set out in Section 2(a)(ii).

**SCHEDULE B  
FORM OF DRAWDOWN NOTICE**

TO: Canada Mortgage and Housing Corporation (“**CMHC**”)  
 FROM: London & Middlesex Community Housing Inc.(the “**Borrower**”)  
 DATE: [•]

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- 1 This Drawdown Notice is delivered pursuant to the credit agreement made as of [•] between the Borrower and CMHC, as the same has been amended or modified to the date hereof (the “**Credit Agreement**”). All terms used in this Drawdown Notice that are defined in the Agreement have the same meanings herein.
- 2 The Borrower hereby requests the following Repayable Loan Drawdown:
- (a) Drawdown Date:
- (b) Amount:
- 3 The Borrower hereby requests the following contemporaneous Forgivable Loan Drawdown:
- (a) Drawdown Date:
- (b) Amount:
- 4 Evidence of the actual Repair Program Costs that the Borrower has expended or that have been invoiced to the Borrower for only the Completed Work that will be funded by the Repayable Loan Drawdown and Forgivable Loan Drawdown made pursuant to this Drawdown Notice, by way of the Quarterly Completion Report attached hereto for identification purposes as Appendix A. ***[As at December 31, 2027 (as evidenced by the delivery of the annual financial reports and financial statements provided to CMHC pursuant to Section 13(a)(ii) and (c) in respect of the 2027 fiscal year), the aggregate outstanding principal amount of all Loans will not cause the CMHC funding proportion of the aggregate principal amount of all funding by CMHC, the Guarantor and other funding sources (pursuant to any Co-Investment Agreements or otherwise) of Repair Program Costs that the Borrower has expended or that have been invoiced to the Borrower in respect of only Completed Work under the Repair Program, to exceed the Maximum CMHC Funding Proportion.]<sup>2</sup>***
- 5 The Debt Service Coverage Ratio as of the date hereof is no less than the minimum Debt Service Coverage Ratio of 1.0x.
- 6 The Minimum Unit Count is satisfied and as of the date hereof either (i) all of the Subject Units are occupied or available for occupancy; or (ii) if all of the Subject Units are not occupied or available for occupancy, this is solely due to the Subject Units being temporarily vacant as a result of repairs or renewal thereof and a tenant placement plan satisfactory to CMHC has been made by us so that any relocated tenant is not materially adversely impacted by the Repair Program Execution.

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<sup>2</sup> Note to Schedule B: To be included only in the final Drawdown Notice in the final fiscal quarter of the final year of the Repair Program.

- 7 The Portfolio Affordability Requirements are satisfied as of the date hereof and will be satisfied on the Drawdown Date.
- 8 The Minimum Borrower Contribution for the Repair Program will have been invested by the Borrower as of the Drawdown Date.
- 9 The Borrower has received all governmental authorizations and third party approvals (or arrangements reasonably satisfactory to CMHC in lieu of such authorizations and approvals) required as of the date hereof and will be satisfied on the Drawdown Date from each relevant third party and applicable Governmental Authority that are contemplated hereby and/or that are necessary in connection with the Repair Program and/ or that may be required by Applicable Laws.
- 10 All of the representations and warranties of the Borrower contained in the Credit Agreement and the representations and warranties of the Credit Parties contained in the other Loan Documents are true and correct on as of the date hereof and will be satisfied on the Drawdown Date as though made on and as of the date hereof and on the Drawdown Date, as the case may be, subject to changes thereto:
- (a) given to CMHC by the Borrower and accepted in writing by CMHC; and
  - (b) expressly contemplated by the terms of the Credit Agreement and disclosed to CMHC in writing.
- 11 All of the conditions precedent to the Repayable Loan Drawdown and Forgivable Loan Drawdown requested hereby that have not been waived in writing by or on behalf of CMHC have been satisfied as of the date hereof and will be satisfied on the Drawdown Date.
- 12 No default or Event of Default or Ratings Trigger Event has occurred and is continuing on the date hereof or will have occurred and be continuing on the Drawdown Date, or will result from the Drawdown requested hereby.

**LONDON & MIDDLESEX COMMUNITY HOUSING  
INC.**

By:

\_\_\_\_\_  
Authorized Signing Officer

Name:

Address:

Email:

*I have authority to bind the Borrower.*

**Appendix A**

**Quarterly Completion Report**

*[Quarterly Completion Report to be attached for identification purposes.]*

**SCHEDULE C**  
**PERMITTED ENCUMBRANCES**

- 1 Encumbrances in favour of CMHC;
- 2 Encumbrances for taxes, rates, assessments or other governmental charges or levies not yet due, or for which instalments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person;
- 3 undetermined or inchoate encumbrances, liens, rights of distress and charges incidental to construction, maintenance or current operations that have not at such time been filed or exercised and of which CMHC has been given notice, or that relate to obligations not due or payable, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person;
- 4 reservations, limitations, provisos and conditions expressed in any original grant from the Crown or other grants of real or immovable property, or interests therein, that do not materially and adversely impair the use of the affected land for the development, Repair Program Execution and operation of the Repair Program;
- 5 permits, reservations, covenants, servitudes, right of access or user licences, easements, rights of way and rights in the nature of easements (including licences, easements, rights of way and rights in the nature of easements for railways, sidewalks, public ways, sewers, drains, gas and oil pipelines, steam and water mains or electric light and power, or telephone, telecommunication, television and telegraph conduits, poles, wires and cables) that do not materially and adversely impair the use of the affected land for the development, the Repair Program Execution and operation of the Repair Program;
- 6 title defects, irregularities or other matters relating to title that are of a minor nature and that do not materially and adversely impair the use of the affected land for the development, the Repair Program Execution and operation of the Repair Program;
- 7 the right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant or permit acquired by that Person or by any statutory provision to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;
- 8 the Encumbrance resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings, or to secure workers' compensation, employment insurance, surety or appeal bonds, costs of litigation when required by law, liens and claims incidental to current construction, mechanics', warehousemen's, carriers' and other similar liens, and public, statutory and other like obligations incurred in the ordinary course of business;
- 9 security given to a public utility or any Governmental Authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of its business;
- 10 the Encumbrance created by a judgment of a court of competent jurisdiction or Encumbrance (including claims pursuant to the applicable Construction Lien Act ("**Construction Claim Encumbrances**")) filed and/ or created against a Credit Party, as long as the judgment is being contested diligently and in good faith by appropriate proceedings by such Credit Party and does not constitute and could not reasonably be expected to cause, individually or in aggregate with other Construction Claim Encumbrances, a Material Adverse Change;

- 11 encroachments by the Repair Program or structures thereon over neighbouring lands (including public streets) and minor encroachments by neighbouring lands or structures thereon over the Portfolio, so long as, in the former case, there are written agreements permitting such encroachments and they have been complied with;
- 12 subdivision, development, servicing and site plan agreements, undertakings and agreements made pursuant to applicable planning and development legislation, entered into with or made in favour of any Governmental Authority, or public or private utility relating to the development, the Repair Program Execution and operation of the Repair Program, provided that they have been complied with;
- 13 Leases relating to the Portfolio that have been entered into in accordance with this Agreement;
- 14 all municipal by-laws and regulations and other municipal land use instruments, including official plans, zoning and building by-laws, restrictive covenants and other land use limitations, public or private, and other restrictions as to the use of the Portfolio;
- 15 (A) Encumbrances in respect of which CMHC has received such releases, discharges, financing change statements, payout letters or other documents evidencing the termination thereof as may be satisfactory to CMHC in its sole and absolute discretion and (B) if agreed to by CMHC in its sole and absolute discretion, Encumbrances in respect of which CMHC has received such subordination agreements or intercreditor agreements evidencing the subordination thereof, or such estoppels, "no interest" letters, comfort letters or other confirmations that such Encumbrances do not relate to any Collateral, as may be satisfactory to CMHC in its sole and absolute discretion; and
- 16 such other Encumbrances as are agreed to in writing by CMHC.

**SCHEDULE D  
REPAIR PROPERTIES LIST**

Asset Type	Asset Grouping Description	Inventory	Total # Units	Total # Existing "Modified"	# of Bedrooms					Total Unit Est. SQFT	% of Unit SQFT	Total Building SQFT (Est.)		
					Bach	1	2	3	4				5	
Real Property	<b>Muti-Res</b>	202 McNay St.	251	46		250	1				118,585	75%	158,078	
		345 Wharnccliffe Rd. N	145	3		144	1				68,171	70%	97,250	
		349 Wharnccliffe Rd. N	145	7		144	1				68,171	70%	97,250	
		30 Baseline Rd. W	251	26		250	1				117,640	75%	157,500	
		85 Walnut St.	232	30		231	1				108,708	72%	151,307	
		241 Simcoe St.	217	5		216	1				106,175	73%	146,364	
		170 Kent St.	212	7		211	1				102,075	70%	145,460	
		580 Dundas St.	151	9		125	25	1			58,642	74%	79,000	
		<b>Multi-Res Total</b>	<b>1604</b>	<b>133</b>		<b>125</b>	<b>1471</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>748,166</b>		<b>1,032,209</b>	
		<b>TownHouse Complexes</b>	Allan Rush	100	1				86	14				93,931
			245-345 Marconi Blvd.	51	2				37	10	4			56,048
			961-1183 Huron	110	1			67	43					104,640
			160-422 Boullee St.	136	3				100	22	14			147,800
			370 Pond Mills Rd.	81	0			15	50	16				88,902
		<b>Townhouse Total</b>	<b>478</b>	<b>7</b>		<b>0</b>	<b>0</b>	<b>82</b>	<b>316</b>	<b>62</b>	<b>18</b>			<b>491,321</b>
		<b>REAL PROPERTY TOTAL</b>		<b>2082</b>	<b>140</b>	<b>125</b>	<b>1471</b>	<b>90</b>	<b>316</b>	<b>62</b>	<b>18</b>			<b>1,523,530</b>

**SCHEDULE E  
DRAWDOWN SCHEDULE**

<b>Cash Flow</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>TOTAL</b>
Planned Project Est. Cost	\$2,201,656	\$8,154,777	\$8,490,482	\$10,366,790	\$6,195,963	\$2,569,150	\$-	\$37,978,818
Additional Contingency	\$308,182	\$308,182	\$308,182	\$308,182	\$308,182	\$308,182	\$308,182	\$2,157,272
<b>TOTAL</b>	<b>\$2,509,838</b>	<b>\$8,462,959</b>	<b>\$8,798,664</b>	<b>\$10,674,971</b>	<b>\$6,504,145</b>	<b>\$2,877,331</b>	<b>\$308,182</b>	<b>\$40,136,090</b>

[●NTD: CMHC to obtain updated Schedule prior to closing.]

**SCHEDULE F  
ACTION PLAN**

**SCHEDULE G  
ANNUAL PROGRESS REPORTS**

<b>TO:</b> Canada Mortgage and Housing Corporation (“ <b>CMHC</b> ”)	<b>Borrower:</b> London & Middlesex Community Housing Inc. (the “ <b>Borrower</b> ”)
----------------------------------------------------------------------	--------------------------------------------------------------------------------------

I, \_\_\_\_\_, the \_\_\_\_\_ of London & Middlesex Community Housing Inc., hereby certify as of \_\_\_\_\_:

- 1 I am familiar with and have examined the provisions of the credit agreement made as of [●] between London & Middlesex Community Housing Inc., as borrower, and CMHC, as lender, as amended to the date hereof (the “**Credit Agreement**”) and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of London & Middlesex Community Housing Inc. Terms defined in the Credit Agreement have the same meanings when used in this certificate.
- 2 The representations and warranties contained in the Credit Agreement are true and accurate in all material respects as of the date hereof.
- 3 No event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, an Event of Default.
- 4 The number of Subject Units is \_\_\_\_\_, so the Minimum Unit Count is satisfied, and as of the date hereof either (i) all of the Subject Units are occupied or available for occupancy and will be occupied or available for occupancy throughout the Repair Program Execution; or (ii) if all of the Subject Units are not occupied or available for occupancy or will not be occupied or available for occupancy throughout the Repair Program Execution, this is solely due to the Subject Units being temporarily vacant as a result of repair or renewal thereof and a tenant placement plan satisfactory to CMHC has been made by the Borrower so that any relocated tenant is not materially adversely impacted by the Repair Program Execution.
- 5 There are \_\_\_\_\_ Subject Units which are occupied or available for occupancy in the applicable fiscal year. For \_\_\_\_\_% of such Units, the average % of the Median Market Rental Rate of the rents thereof in respect of the applicable fiscal year is \_\_\_\_\_%.
- 6 The number of Repair Properties in respect of the applicable fiscal year in which access to all of the Subject Units and the common areas is barrier free and will meet or exceed the criteria identified in the Accessibility Criteria is \_\_\_\_\_. Consequently, the overall conversion count of the Subject Units that have become units that meet the Portfolio Accessibility Requirements in respect of the applicable fiscal year is \_\_\_\_\_.
- 7 The total amount of Repair Program Costs that have been expended by the Borrower (or that have been invoiced to the Borrower) in respect of Completed Work in the fiscal year is \$ \_\_\_\_\_ and cumulatively since the date of the Credit Agreement is \$ \_\_\_\_\_.
- 8 ***[I have reviewed the current Action Plan, Plans and Specifications, Repair Program Budget, Repair Schedule, the Repair Properties List and the Drawdown Schedule, including any amendments, supplements or replacements that have been made since the date of the Credit Agreement in accordance with the terms thereof,] OR [I have reviewed an updated [Action Plan], [Plans and Specifications], [Repair Program Budget], [Repair Schedule], [Repair Properties List] [and/or] [Drawdown Schedule], which has been mutually agreed and***

**approved by CMHC, is/are attached hereto as Appendix A,<sup>3</sup> and I confirm that they remain accurate as of the date hereof.**

9 ***[As at December 31, 2027 (as evidenced by the delivery of the annual financial reports and financial statements provided to CMHC pursuant to Section 13(a)(ii) and (c) in respect of the 2027 fiscal year), the aggregate outstanding principal amount of all Loans will not cause the CMHC funding proportion of the aggregate principal amount of all funding by CMHC, the Guarantor and other funding sources (pursuant to any Co-Investment Agreements or otherwise) of Repair Program Costs that the Borrower has expended or that have been invoiced to the Borrower in respect of only Completed Work under the Repair Program, to exceed the Maximum CMHC Funding Proportion.]<sup>4</sup>***

10 Any and all funds received from CMHC previously as advances under the Credit Agreement have been expended or are being held in trust solely for the purpose for which they were advanced and in accordance with the terms of the Credit Agreement.

11 The Quarterly Completion Reports delivered in connection with the Drawdown Notices delivered in this calendar year are true and accurate in all material respects.

12 All of the statements contained in this certificate are true, complete and accurate in all material respects as of the date hereof.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

<sup>3</sup> Note to Schedule G: Appropriate language to be selected at the time of delivery of the certificate.

<sup>4</sup> Note to Schedule B: To be included only in the final Annual Progress Report in the final year of the Repair Program.

**Appendix A**

**[Action Plan[and/or] [Repair Properties List] [and/or]]**

**[Drawdown Schedule]**

## SCHEDULE H INSURANCE REQUIREMENTS

### 1 Scope Of Work – Insurance Consultant.

- (a) The Insurance Consultant should conduct an in-depth review of the project, including key document(s) in order to assess the risk and recommend adequate coverage for insurance. This may include, but is not limited to a review of:
  - (i) Project plans and specifications, construction schedule, project budget, professional reports (Geo-technical/Soil test report, environment assessment report etc.);
  - (ii) Construction contracts including sub-trades (as applicable), contractor/sub-contractor profile, claims history; and
  - (iii) Any other documentation, as required.
- (b) The Insurance Consultant should review CMHC's insurance requirements, as provided to them by the Borrower. This document outlines the types of insurance and riders that are required by CMHC.
- (c) The Insurance Consultant is expected to submit a report commenting on any key risks and recommending adequate insurance coverage (\$ policy limits) for the policies outlined in the CMHC insurance requirements, as provided to them by the Borrower. Any additional coverage types or riders that the Insurance Consultant deems applicable to the project should also be considered and included within the recommendation, along with a brief rationale.
- (d) The Insurance Consultant will engage with the Borrower and the insurance broker to ensure that the requirements are clearly communicated, request and review certificates of insurance, resolve issues (if any) and confirm that all recommended coverage is in place.
- (e) The Insurance Consultant will submit a report to CMHC and the same should comply with the below requirements:
  - (i) prepared and signed by an Insurance Consultant holding a Certificate in Risk Management (CRM) designation and/or Construction Risk and Insurance Specialist (CRIS) designation, and be in good standing with its governing body;
  - (ii) addressed to and delivered directly to CMHC, along with evidence of the Insurance Consultant's professional liability (errors and omissions) insurance;
  - (iii) include a summary confirming that the recommended coverage outlined in the report is sufficient for the size, location, and scope of the project being assessed;
  - (iv) include details of all applicable insurances, including but not limited to:
    - (A) limit(s) of insurance;
    - (B) policy period;
    - (C) named insured(s);
    - (D) insurer/ policy number;

- (E) coverages included;
- (F) deductible(s);
- (G) cancellation notice period; and
- (H) as applicable only with respect to any Mortgaged Properties so long as any amounts are due under this Agreement or the Operating Agreement is in force, name CMHC as mortgagee and first loss payee or additional insured, as applicable;

(v) include copies of the certificate(s) of insurance.

2 Insurance During Repair Program. From the date hereof until completion of the Repair Program (unless otherwise specified below), the Credit Parties shall maintain or cause to be maintained with insurance companies acceptable to CMHC:

- (a) all risks builder's (including coverage against the perils of earthquake, flood, testing and commissioning Hard and Soft Costs) coverage written on the latest edition of the CCDC approved form for the full replacement cost of each Repair Property or, as applicable, each Mortgaged Property, excluding land costs. Such insurance shall:
  - (i) only in the case of Repair Properties, include a soft cost endorsement in an amount of not less than 25% of total Soft Costs;
  - (ii) name the Credit Parties as first named insured thereunder and name all others required to be named under any of the Material Repair Program Documents, including architects, engineers, consultants, contractors, sub-contractors and trades of every tier as additional insureds;
  - (iii) as applicable only with respect to the insurance associated with any Mortgaged Properties so long as any amounts are due under this Agreement or the Operating Agreement is in force, name CMHC as mortgagee and first loss payee or additional insured, as applicable, and have attached the standard Insurance Bureau of Canada mortgage clause;
  - (iv) in the case of boiler and machinery insurance, have limits of not less than the replacement value of the equipment forming part of the work (and the insurance coverage shall not be less than the insurance provided by a comprehensive boiler and machinery policy);
  - (v) contain a waiver by the insurer or insurers of all rights of subrogation or indemnity or any other claim to which such insurer or insurers might otherwise be entitled against CMHC; and
  - (vi) otherwise be in such form as CMHC shall require or as required under any of the Material Repair Program Documents;
- (b) wrap-up liability insurance written on the latest edition of the CCDC approved form with a minimum combined single limit of liability of not less than \$25,000,000 per occurrence. Such insurance shall:
  - (i) name the Credit Parties as first named insured and CMHC as an additional insured and name all others required to be named under any of the Material Repair

Program Documents, including architects, engineers, consultants, contractors, sub-contractors and trades of every tier as additional insureds;

- (ii) contain a waiver by the insurer of all rights of subrogation or indemnity or any other claim to which the insurer might otherwise be entitled against CMHC and others to whom the Credit Parties have granted such waivers under any of the Material Repair Program Documents;
  - (iii) contain a cross-liability clause and a severability of interests clause; and
  - (iv) otherwise be in such form as CMHC shall require or as required under any of the Material Repair Program Documents.
- (c) Commercial Automobile Insurance with limits of not less than \$5,000,000 combined single limit per accident for bodily injury (including death), statutory accident benefits and property damage per occurrence.
- (d) Worker's compensation coverage for all employees engaged in the Repair Program in accordance with the statutory requirement of the province or territory in which the Repair Program is being executed.
- (e) Contractor's environmental liability insurance with a limit of not less than \$5,000,000 inclusive, providing coverage for, but not limited to bodily injury (including death) and property damage arising out of pollution conditions caused while working at the sites of other, sudden and gradual pollution, on-site and off-site clean-up costs and completed operations. Only in the case of any Mortgaged Properties so long as any amounts are due under this Agreement or the Operating Agreement is in force, CMHC is to be added as an additional insured and policy shall contain a cross liability clause. If the policy is written on a claims-made basis, coverage must be in place for a period of at least 24 months after the completion or termination of the agreement.
- (f) Contractor's equipment insurance coverage covering equipment used by the Credit Parties for the performance of the work, coverage is to be on a replacement cost basis or shall be in a form acceptable to CMHC.
- (g) Errors and omissions liability (also known as Professional Liability) insurance and maintain it in force throughout the duration of the agreement, in an amount usual for a contract of this nature but for not less than \$2,000,000 per loss and in the annual aggregate, inclusive of defence costs; if the policy is written on a claims made basis, coverage must be in place for a period of at least 24 months after the completion or termination of the agreement.
- 3 Operating Insurance. So long as any amounts are due under this Agreement or the Operating Agreement is in force the Credit Parties shall, in relation to each Repair Property, maintain or cause to be maintained all risks insurance on a 100% replacement cost basis, mechanical breakdown, business interruption 12 month indemnity period, general liability insurance and such other insurance in form and in such amounts and with such deductibles as are customary in the case of owners of properties similar to each Repair Property and in any event as are acceptable to CMHC. As applicable only with respect to the insurance associated with any Mortgaged Properties so long as any amounts are due under this Agreement or the Operating Agreement is in force, CMHC shall be named as first mortgagee and first loss payee or additional insured, as applicable, under such policies.
- 4 Other Conditions

- (a) All insurance required to be maintained by the Credit Parties in respect of any Mortgaged Properties so long as any amounts are due under this Agreement or the Operating Agreement is in force, pursuant to Sections 1 to 3 above, shall provide that no cancellation or termination thereof, for any reason whatsoever, shall take effect unless the insurer concerned has given CMHC not less than 30 days prior written notice of such proposed action.
- (b) The Credit Parties shall provide written notice to CMHC forthwith upon learning that an insurer described in this Schedule intends to cancel, or intends to make or has made a material change to, any insurance referred to in this schedule.
- (c) The Credit Parties will provide, at CMHC's request, detailed certificates of insurance or a certified copy of the insurance policy for all policies required hereunder to be purchased and maintained by the Credit Parties in a form acceptable to CMHC.
- (d) It shall be the sole responsibility of the Credit Parties to decide whether or not any other insurance coverage, in addition to the Insurance Requirements stipulated herein, is necessary for its own protection or to fulfill its obligations.
- (e) CMHC shall be entitled to require the Credit Parties to maintain coverage of such other risks and perils as CMHC may from time to time consider advisable or desirable and in respect of which insurance coverage may be available.

5 Proceeds of Insurance. With regard to the insurance described in Sections 1 to 3 above in respect of any Mortgaged Properties so long as any amounts are due under this Agreement or the Operating Agreement is in force, subject to the terms of any Permitted Encumbrances and Material Repair Program Documents having priority over the Encumbrances granted pursuant to the Security Documents, the following shall apply:

- (a) So long as no Default or Event of Default has occurred and is continuing, the proceeds of all such insurance (other than workers' compensation insurance, errors and omissions insurance and third party liability insurance which may be remitted to the Credit Parties without condition or further action by CMHC) shall be dealt with as follows:
  - (i) If the total amount of such proceeds equals or exceeds \$500,000, they shall be payable directly into an escrow account of CMHC as designated by CMHC (which account shall be subject to the security interest created by the Security Documents) to be disbursed by CMHC on a monthly basis against receipts payable in not more than 30 days for expenses incurred in repairing the damage or destruction or replacing property in respect of which the insurance is payable and otherwise in accordance with the customary disbursement procedures utilized by CMHC in such case, for release by CMHC to the Credit Parties to be applied by the Credit Parties in repairing the damage or destruction or replacing property in respect of which the insurance is payable upon receipt of:
    - (A) a certificate of an officer of the Credit Parties stating that the proceeds of such insurance together with other funds held or arranged by the Credit Parties are sufficient to fully repair, rebuild or replace the damage or destruction in respect of which the insurance proceeds are payable;
    - (B) a letter of undertaking of the Credit Parties to fully repair, rebuild and replace the damage or destruction in respect of which the insurance proceeds are payable; and

- (C) evidence satisfactory to CMHC that the proceeds of insurance together with the other funds held or arranged by the Credit Parties will be sufficient to repair, replace or rebuild the damage or destruction in respect of which the insurance proceeds are payable.
  - (ii) The proceeds of any business interruption insurance shall be payable to the Credit Parties to be applied on account of ongoing obligations of the Credit Parties under the Loan Documents or in respect of each Mortgaged Property as the same fall due from time to time.
  - (iii) The proceeds of all insurance held by CMHC shall, unless and until the same are applied or released to the Credit Parties as aforesaid, constitute continuing collateral security for the obligations of the Credit Parties under the Loan Documents (other than the Guarantee).
  - (iv) If the total amount of such proceeds is less than \$500,000, they shall be released to the Credit Parties subject to delivery of the documents set out in Sections 5(a)(i)(A), (B) and (C).
- (b) If an Event of Default has occurred and is continuing:
- (i) The proceeds of all insurance other than workers' compensation insurance, errors and omissions insurance and third party liability insurance shall be payable to CMHC to be applied by it, at its option, in reduction of the amounts outstanding under the Loan Documents or released by CMHC to the Credit Parties upon receipt of:
    - (A) an officer's certificate of each of the Credit Parties stating that the proceeds of such insurance together with other funds held or arranged by the Credit Parties are sufficient to fully repair, rebuild or replace the damage or destruction in respect of which the insurance proceeds are payable;
    - (B) a letter of undertaking of the Credit Parties to fully repair, rebuild and replace the damage or destruction in respect of which the insurance proceeds are payable; and
    - (C) evidence satisfactory to CMHC that the proceeds of insurance together with the other funds held or arranged by the Credit Parties will be sufficient to repair, replace or rebuild the damage or destruction in respect of which the insurance proceeds are payable.
  - (ii) The proceeds of any business interruption insurance shall be payable to CMHC to be held by CMHC as additional collateral security for the obligations of the Credit Parties under the Loan Documents (other than the Guarantee), to be applied on account of ongoing obligations of the Credit Parties under the Loan Documents or in respect of each Mortgaged Property as the same fall due from time to time and, to the extent of any surplus, firstly to arrears of such payments and thereafter, if CMHC has opted to release proceeds of insurance to the Credit Parties pursuant to and in accordance with Section 5(a)(i), then the balance of the proceeds of business interruption insurance shall be payable to the Credit Parties, failing which the balance, if any, remaining after application of such proceeds as aforesaid shall be paid to CMHC as partial prepayment of the Loan.

The proceeds of all insurance held by CMHC shall, unless and until the same are applied or released to the Credit Parties as aforesaid, constitute continuing collateral security for the obligations of the Credit Parties under the Loan Documents (other than the Guarantee).

**SCHEDULE I  
REPAIR PROGRAM BUDGET**

See attached

## ATTACHMENT 2

### OPERATING AGREEMENT

CMHC File No.: 6280559

NRFC Draft: August 23, 2021

**OPERATING AGREEMENT****THIS AGREEMENT** made as of [●], 2021.**BETWEEN:****CANADA MORTGAGE AND HOUSING CORPORATION**(hereinafter referred to as “**CMHC**”)**OF THE FIRST PART;**

- and -

**LONDON AND MIDDLESEX COMMUNITY HOUSING CORPORATION**(hereinafter referred to as the “**Borrower**”)**OF THE SECOND PART;**

- and -

**THE CORPORATION OF THE CITY OF LONDON**(hereinafter referred to as the “**Guarantor**”, with the Borrower and the Guarantor being referred to herein collectively as the “**Credit Parties**” and each of them being referred to herein as a “**Credit Party**”)**OF THE THIRD PART.**

**WHEREAS** pursuant to Section 95 of the National Housing Act (the “**Act**”), CMHC may make a loan to any person to assist with the payment of capital costs of housing projects and determine the terms and conditions on which it makes such loan;

**AND WHEREAS** the Borrower is an eligible loan borrower under the National Housing Co-investment Fund (the “**Program**”), which is administered by CMHC as part of Canada’s National Housing

Strategy, and the Borrower is taking one or more Loans from CMHC under the Program to assist with the financing of the Repair Program;

**AND WHEREAS** pursuant to the requirements of the Program, the Credit Parties have entered into a credit agreement with CMHC dated as of [●] (as amended, restated, modified or supplemented from time to time, the “**Loan Agreement**”);

**AND WHEREAS** pursuant to the requirements of the Program, the Credit Parties have entered into certain Co-Investment Agreements;

**AND WHEREAS** it is a condition of the Loans that, *inter alia*, the Repair Program be established, maintained and operated in compliance with the terms and conditions set forth herein and in the Loan Agreement, including certain affordability, energy efficiency and accessibility requirements;

**AND WHEREAS** the parties wish to enter into this Agreement regarding the operation of the Repair Program by the Credit Parties;

**NOW THEREFORE** in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

#### **Article 1 Definitions, Interpretation and Common Terms**

- 1.1 Except as otherwise set out herein, the terms defined in Schedule A of the Loan Agreement shall have the same meanings where used in this Agreement.
- 1.2 Except as otherwise set out herein, the Common Terms as set out in the Loan Agreement shall apply to this Agreement as if set out in full again here, with such changes as are appropriate to fit context.

#### **Article 2 Confirmation of Recitals and Acknowledgement of Fundamental Purpose and Obligations**

- 2.1 The parties hereby confirm and acknowledge that the statements contained in the foregoing recitals are true and complete in all respects.
- 2.2 Each Credit Party is entering into this Agreement and the Loan Agreement to establish, maintain and operate the Repair Program as affordable rental housing which consists of a total of two thousand and eighty two (2,082) units within 13 buildings located in the City of London, of which the rents for a minimum of 50% of such units which are occupied or available for occupancy in a fiscal year will not exceed 50% of the Median Market Rental Rate, and facilities ancillary thereto for the Term (as defined below) of this Agreement and acknowledges that its fundamental purpose in doing so and in fully performing its obligations in compliance with the terms and conditions of this

Agreement is to benefit the public interest by achieving long-term social outcomes which are of fundamental importance to the federal government of Canada and CMHC, including the following:

- (a) the repair and renewal of existing affordable Housing Units and facilities ancillary thereto;
  - (b) the maintenance of the affordability of the Housing Units within the Repair Program;
  - (c) the reduction of the energy consumption and greenhouse gas emissions of the Repair Properties; and
  - (d) the increased accessibility of Housing Units and common areas within the Repair Properties.
- 2.3 Each Credit Party acknowledges that the intention to bind the Credit Parties and the operation of the Repair Program to the fundamental purpose referred to in Section 2.2 arises out of the extraordinary nature of the Loan(s) made to the Borrower and other funding or support provided to the Credit Parties under the Co-investment Agreement as part of the Program.
- 2.4 Each Credit Party further acknowledges that CMHC would not have provided the Loan(s) had the Credit Parties not made a commitment to comply with the terms and conditions set forth herein for the duration of the Term.

### **Article 3 Term**

- 3.1 This Agreement shall become effective on the date hereof and, unless terminated earlier in accordance with Section 8, shall continue in force for the full Social Housing Covenant Period (the "**Term**").

### **Article 4 Representations And Warranties**

- 4.1 The representations and warranties given by each Credit Party in Section 12 of the Loan Agreement are hereby incorporated by reference, are true and correct as of the date hereof and will be deemed to be repeated on each date of delivery to CMHC of an annual program criteria

compliance report pursuant to Section 13(a)(ii) of the Loan Agreement (incorporated by reference pursuant to Article 6 hereof) for the duration of the Term.

**Article 5**  
**Covenants Regarding The Repair Program**

- 5.1 The covenants applicable to the Credit Parties set forth in Section 14 of the Loan Agreement are hereby incorporated by reference and shall apply *mutatis mutandis* for the duration of the Term.

**Article 6**  
**Reporting Covenants**

- 6.1 The reporting covenants set forth in Sections 13(a)(ii), 13(c), 13(d) and 13(e) of the Loan Agreement are hereby incorporated by reference and shall apply *mutatis mutandis* for the duration of the Term.

**Article 7**  
**Transfers**

- 7.1 The parties hereto acknowledge that no Credit Party may make any Disposition, or permit any Disposition to be made, of the Repair Program, the Repair Properties or any part thereof or interest therein, during the term of the Loan Agreement other than in compliance with the Loan Agreement. Furthermore, during the Term of this Agreement, no Credit Party shall make any Disposition, or permit any Disposition to be made, of the Repair Program, the Repair Properties or any part thereof or interest therein without first obtaining from the party to whom a Disposition is made (a “**Transferee**”) a written assumption agreement with CMHC (an “**Assumption Agreement**”), wherein such Transferee agrees with CMHC to be bound by Section 14(b) of the Loan Agreement (which is incorporated by reference herein pursuant to Section 5.1) and to be bound by such other terms, covenants and conditions as may be required by CMHC in its sole and absolute discretion, such Assumption Agreement to be in form and substance acceptable to CMHC in its sole and absolute discretion.
- 7.2 The decision to release any Credit Party from any obligations in connection with the Repair Program, the Repair Properties or any part thereof or interest therein in relation to any Disposition shall be in CMHC’s sole and absolute discretion.

**Article 8**  
**Termination**

- 8.1 Where CMHC is satisfied in its sole and absolute discretion that the Repair Program will not be proceeding under the Program, this Agreement may be terminated by written notice to the Credit Parties.
- 8.2 Furthermore, CMHC may, in its sole and absolute discretion, terminate this Agreement for any other reason upon notice in writing to the Credit Parties of no less than two (2) weeks, during which time the Credit Parties may make representations on such matters and their effect on the eligibility of the Credit Parties to receive financial assistance or other benefits from CMHC. CMHC may require the Credit Parties to enter into an agreement requiring the Credit Parties to rectify any matter which CMHC deems necessary for the Credit Parties to maintain their eligibility for financial assistance under the Program or other benefits from CMHC.

**Article 9**  
**Indemnity**

- 9.1 The indemnity provisions set forth in Section 17 of the Loan Agreement are hereby incorporated

by reference and shall apply *mutatis mutandis* for the duration of the Term and shall survive and remain in full force and effect in accordance with their terms, notwithstanding (a) the termination of this Agreement; and/or (b) the termination of the Loan Agreement and/or the repayment, satisfaction or discharge of any obligations of any Credit Party under the Loan Agreement or any other Loan Document.

#### **Article 10 Remedies**

- 10.1 The rights set out herein shall be without limitation, and shall be in addition to all other rights and remedies of CMHC otherwise available under any other provision of the Loan Documents, by operation of law, at equity or otherwise (including, without limitation, damages, disgorgement of profits and/or remedies of seizure, injunction and specific performance notwithstanding the termination of this Agreement), all of which are hereby expressly preserved, all of which rights shall be cumulative. Furthermore, each Credit Party acknowledges and agrees that:
- (a) in the event of default under this Agreement, CMHC, the Program, other affordable housing providers, the broader affordable housing sector and the public interest will sustain harm, the extent of which cannot be pre-determined or remedied through compensation; and
  - (b) all costs and expenses, including the fees of appraisers, advisors, consultants and lawyers, associated with enforcing CMHC's rights under the Loan Documents shall be at the cost of the Credit Parties.

#### **Article 11 Counterparts; Electronic Approvals**

- 11.1 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Delivery by facsimile, electronic mail or other electronic transmission of an executed counterpart of a signature page to this Agreement (including in PDF form) shall be effective as delivery of an original executed counterpart of this Agreement
- 11.2 The parties agree that the execution of this Agreement by any party may be facilitated through an electronic approvals process (the "**Approval Process**") whereby an e-mail confirmation is provided by the signing party to the other parties to evidence the execution of this Agreement and binds the individual/corporation, which e-mail confirmation shall be attached to this Agreement and shall have the same force and effect as an executed original. Each of the parties shall maintain a record of such electronic documents pursuant to this Approval Process and shall provide an executed copy of this Agreement to the other parties with a wet signature, within a reasonable time following the termination of the latter of any municipal, provincial, or federal Declaration of Emergency in effect in the City of London in relation to the COVID-19 pandemic (the "**Declaration**"). This Approval Process shall apply only to the extent that this Agreement is executed during the period in which the Declaration is in effect.

**[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]**

**IN WITNESS WHEREOF** the parties have executed this Agreement as of the date first above written.

**CANADA MORTGAGE AND HOUSING CORPORATION**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

Address: 700 Montreal Road, Ottawa, ON  
K1A 0P7

Email: [nhs-contracting@cmhc.ca](mailto:nhs-contracting@cmhc.ca)

*We have authority to bind CMHC.*

**LONDON AND MIDDLESEX COMMUNITY HOUSING CORPORATION**

By: \_\_\_\_\_

Authorized Signing Officer

Name:

Address:

Email:

*[I] / [We] have authority to bind the Borrower.*

**THE CORPORATION OF THE CITY OF LONDON**

By: \_\_\_\_\_

Authorized Signing Officer

Name:

Address:

Email:

*[I] / [We] have authority to bind the Guarantor.*

**Schedule A**  
**Repair Properties**

# ATTACHMENT 3

## ACCOUNT SECURITY AGREEMENT

CMHC File No.: 6280559

NRFC Draft: August 23, 2021

## ACCOUNT SECURITY AGREEMENT

**THIS ACCOUNT SECURITY AGREEMENT** (this “**Agreement**”) made [●], 2021.

**BETWEEN:**

**LONDON AND MIDDLESEX COMMUNITY HOUSING CORPORATION**

(hereinafter referred to as the “**Debtor**”)

**OF THE FIRST PART;**

- and -

**CANADA MORTGAGE AND HOUSING CORPORATION**

(hereinafter referred to as “**CMHC**”)

**OF THE SECOND PART.**

**WHEREAS** CMHC has agreed to make certain loans available to the Debtor upon and subject to the terms and conditions contained in a credit agreement made between the Debtor and CMHC dated as of this date (as the same may be amended, restated, modified or supplemented from time to time, the “**Loan Agreement**”);

**AND WHEREAS** the Debtor has agreed to execute and deliver this Agreement to and in favour of CMHC as first priority security over the account referred to in Schedule A hereto (the “**Repair Program Funding Account**”) to secure the payment and performance of the Debtor’s obligations to CMHC under the Loan Agreement and related Loan Documents executed and delivered to CMHC by the Debtor;

**NOW THEREFORE** in consideration of the premises, other good and valuable consideration (the receipt and sufficiency whereof are hereby acknowledged), the parties covenant and agree as follows:

### ARTICLE 1 DEFINITIONS AND INTERPRETATION

#### **1.1 Definitions**

Except as otherwise set out herein, the terms defined in Schedule A of the Loan Agreement shall have the same meanings where used in this Agreement.

#### **1.2 Principles of Interpretation and Common Terms**

Except as otherwise set out herein, the parties acknowledge that the Common Terms as set out in the Loan Agreement shall apply to this Agreement.

**ARTICLE 2  
GRANT OF SECURITY INTEREST**

**2.1 Establishment of the Repair Program Funding Account.**

- (a) In accordance with the Loan Agreement, the Debtor shall establish in the name of the Debtor the Repair Program Funding Account. The Debtor shall maintain the Repair Program Funding Account for so long as the Obligations (as defined below) have not been satisfied in full or the Debtor has any obligations under the Loan Agreement and the other Loan Documents.
- (b) Deposits and withdrawals into and from the Repair Program Funding Account shall be made in accordance with the Loan Agreement and the other Loan Documents.

**2.2 Security Interest.**

As general and continuing security for the payment and performance of, collectively, all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Debtor to CMHC or remaining unpaid by the Debtor to CMHC under or in connection with the Loan Agreement and the other Loan Documents, and whether incurred by the Debtor alone or with another or others and whether as principal or as a guarantor or surety, including (without limitation) any future advances, re-advances, extensions, renewals or amendments of such debts or liabilities and all interest, fees, legal and other costs, charges and expenses relating thereto or under or in connection with this Agreement, whether incurred prior to, at the time of or after the signing of this Agreement (collectively, the "**Obligations**"), the Debtor hereby:

- (a) assigns as security unto CMHC and grants to CMHC a security interest in the following:
  - (i) the Repair Program Funding Account;
  - (ii) all credit balances and all other amounts from time to time on deposit in, accredited to, or held for the credit of, the Repair Program Funding Account and all the rights which may be derived therefrom;
  - (iii) the interest at any time deposited or required to be deposited into the Repair Program Funding Account; and
  - (iv) all proceeds of every nature and kind arising from the foregoing whether such proceeds arise before or after commencement of proceedings under any applicable bankruptcy, insolvency or other similar law.

The security interests, assignments, charges and grants created pursuant to this Agreement shall be collectively called the "**Security Interests**", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned as security or secured by any instruments supplemental to or in implementation of this Agreement are collectively called the "**Collateral**".

**2.3 Debtor Acknowledgements.**

The Debtor acknowledges and agrees that:

- (a) (i) value has been given by CMHC; (ii) it has rights in the Collateral or the power to transfer rights in the Collateral; (iii) the Security Interests will attach when the Debtor signs this Agreement; and (iv) it has not otherwise agreed to postpone the time of attachment; and

- (b) the Security Interests will not render CMHC liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Debtor is a party or by which it is bound.

**ARTICLE 3  
REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR**

**3.1 Representations and Warranties.**

- (a) Debtor's Legal Name: its correct legal name is as described on the first page of this Agreement;
- (b) Places of Business and Location of Collateral: its chief executive office is located at the place(s) described in Schedule A and will not be changed from such location(s) without the prior written consent of the CMHC; and
- (c) Ownership: it is the sole direct and beneficial owner of the Collateral, and has good direct and marketable title thereto, free and clear of any liens or encumbrances other than Permitted Encumbrances and the Debtor has the right and requisite authority to grant the Security Interests to CMHC and consummate the transactions contemplated hereunder and the Debtor is under no contractual or legal restriction or limitation that would prevent any of the foregoing.

**3.2 Covenants.**

The Debtor covenants and agrees with CMHC that, while this Agreement remains in effect, the Debtor will:

- (a) Satisfaction of Obligations: promptly pay and satisfy the Obligations as they become due or are demanded;
- (b) Validity of Security: fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;
- (c) Claims and Assertions: defend the title to the Collateral for CMHC's benefit, against the claims and demands of all persons other than CMHC, and shall promptly notify CMHC of any threat or commencement of any action or other legal proceeding, or entry of any judgment or order of any Governmental Authority, or any assertion by any Person other than CMHC of any demand, claim, counterclaim or defence, relating to the Collateral.

**ARTICLE 4  
DEALING WITH COLLATERAL**

**4.1 Dealing with Collateral by the Debtor.**

- (a) Provided no Event of Default has occurred and is continuing, the Debtor may withdraw amounts from the Repair Program Funding Account for such purposes as may be permitted pursuant to the Loan Agreement.
- (b) Except as provided above, the Debtor shall have no right to withdraw, require delivery of, assign or otherwise take possession of, any amounts in the Collateral, draw any cheques, drafts or other orders for the payment of money from the Collateral or otherwise exercise rights in respect of the Collateral.

## 4.2 Permitted Encumbrances.

The Debtor will not, without the prior written consent of CMHC (a) create, incur, assume, or suffer to exist any Encumbrance on the Collateral, or (b) sign or file or permit to be signed or filed, under the PPSA or the personal property security registry legislation of any jurisdiction a financing statement which names the Debtor as a debtor and registers any Encumbrance on the Collateral, other than in favour of CMHC, or sign any security agreement authorizing any secured party under the security agreement to file such a financing statement other than in favour of CMHC.

## 4.3 Rights and Duties of CMHC.

- (a) CMHC may perform any of its rights and duties under this Agreement by or through agents and is entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its rights and duties under this Agreement.
- (b) Should CMHC or any agent or nominee on its behalf take possession or delivery of all or any part of the Collateral pursuant to this Agreement, the PPSA or otherwise at law, it is only bound to exercise the same degree of care as a prudent lender would exercise with respect to similar property of similar value held in the same place. CMHC and any nominee on its behalf will be deemed to have exercised such degree of care with respect to the custody and preservation of the Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of CMHC or its nominee to comply with any such request will not of itself be deemed a failure to exercise reasonable care.
- (c) CMHC will not be responsible for any loss occasioned by its exercise of any of such rights or by failure to exercise the same within the time limited for the exercise of such rights, except where such loss results from the gross negligence or wilful misconduct of CMHC.
- (d) CMHC may, upon the occurrence and during the continuance of an Event of Default, sell, transfer, use or otherwise deal with the Collateral, on such conditions and in such manner as CMHC in its sole discretion may determine.
- (e) CMHC is not obliged to exhaust its recourse against the Debtor or any other person or against any other security it may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as CMHC considers desirable.
- (f) CMHC may grant extensions or other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and with other persons, guarantors, sureties or security as it may see fit without prejudice to the Obligations, the liability of the Debtor or the rights of CMHC in respect of the Collateral.
- (g) On or after the occurrence of any Event of Default that is continuing, CMHC may give notice of this Agreement and the Security Interests to any account debtors of the Debtor or to any other Person liable to the Debtor and may give notice to any such account debtors or other Person to make all further payments to CMHC, and, on or after the occurrence of any Event of Default that is continuing, any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other Person liable to the Debtor whether before or after any notice is given by CMHC must be held by the Debtor in trust for CMHC and paid over to CMHC on request.
- (h) All money collected or received by CMHC in respect of the Collateral, on or after the occurrence of any Event of Default that is continuing, may be applied on account of such parts of the Obligations as CMHC in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of CMHC may be released to the Debtor, all without prejudice to CMHC's rights against the Debtor.

- (i) No delay or omission by CMHC, at any time or times, to require strict performance by the Debtor of any provision of this Agreement waives, affects or diminishes any right of CMHC thereafter to demand strict compliance and performance therewith.

## ARTICLE 5 ENFORCEMENT

### 5.1 Remedies.

- (a) On or after the occurrence of any Event of Default that is continuing:
  - (i) any or all of the Obligations will at the option of CMHC become immediately due and payable or be subject to immediate performance, as the case may be, without presentment, protest or notice of dishonour, all of which are expressly waived;
  - (ii) the obligation, if any, of CMHC to extend further credit to the Debtor will cease;
  - (iii) any or all security granted hereby will, at the option of CMHC, become immediately enforceable; and
  - (iv) in addition to any right or remedy provided by law, subject to Applicable Laws, CMHC will have the rights and remedies set out below, all of which rights and remedies will be enforceable and may be exercised from time to time separately or in combination and are not in substitution for any other rights, powers and remedies CMHC may have at law or otherwise:
    - (A) CMHC may by appointment in writing appoint a receiver, interim receiver, receiver and manager or agent (a “**Receiver**”) of all or any part of the Collateral (which term when used in this Section will include the whole or any part of the Collateral) and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral; and the term “CMHC” when used in this Section will include any Receiver so appointed and the agents, officers and employees of such Receiver; and CMHC will not be in any way responsible for any misconduct or negligence of any such Receiver;
    - (B) CMHC may take possession of the Collateral;
    - (C) CMHC may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
    - (D) CMHC may transfer any of the Collateral into the name of CMHC (or such other Person as CMHC may designate), and may notify each Person (including, without limitation, any account debtor or securities intermediary) obligated with respect to any Collateral of the interest of CMHC, to direct payments with respect thereto directly and solely to CMHC, take control of all proceeds thereof;
    - (E) CMHC may accept the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
    - (F) CMHC may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;

- (G) CMHC may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in every such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations secured;
- (H) CMHC may, with respect the Repair Program Funding Account:
  - (1) give any instruction or take any action in accordance with any applicable control agreement (if any, from time to time) relating to the Repair Program Funding Account;
  - (2) exercise any and all rights, powers, benefits, advantages and discretions of the Debtor arising in connection with the Repair Program Funding Account;
  - (3) receive payments (including any interest) from or into the Repair Program Funding Account;
  - (4) give receipts and acquittances for any and all moneys and claims for moneys due or becoming due in respect of the Repair Program Funding Account;
  - (5) apply, without notice, any funds in the Repair Program Funding Account against the Obligations;
  - (6) adjust and settle all matters relating to the Repair Program Funding Account, and make such debits, credits, correcting entries and other entries to the Repair Program Funding Account as is necessary or desirable to give effect to CMHC's rights hereunder and the Debtor agrees to be bound by such entries absent manifest error and without limiting the foregoing, amounts standing to the credit of the Repair Program Funding Account that are applied by CMHC to the reduction or extinction of all or any part of the Obligations may be transferred to CMHC; and
  - (7) CMHC may otherwise exercise all of the rights and remedies of a secured party under the PPSA and any other Applicable Laws.
- (b) CMHC may, without prejudice to the liability of the Debtor to CMHC or CMHC's rights under this Agreement:
  - (i) grant extensions of time;
  - (ii) take and perfect or abstain from taking and perfecting security;
  - (iii) give up security;
  - (iv) accept compositions or compromises;
  - (v) grant releases and discharges;
  - (vi) release any part of the Collateral; or
  - (vii) otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as CMHC sees fit.

- (c) CMHC will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of CMHC, the Debtor or any other Person, in respect of the Collateral.
- (d) CMHC may charge on its own behalf and pay to others all reasonable amounts for expenses incurred and for services rendered in connection with the preservation and realization of the Collateral and the exercise of the rights and remedies of CMHC under this Agreement, including, without limitation, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith, shall be added to and form part of the Obligations secured. CMHC may apply any proceeds of realization of the Collateral to payment of expenses in connection with the preservation and realization of the Collateral as herein described and CMHC may apply any balance of such proceeds to payment of the Obligations in such order as CMHC sees fit. If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and expenses relating thereto, the Debtor shall be liable to pay any deficiency to CMHC forthwith on demand.
- (e) Any remedy may be exercised separately or in combination and is in addition to, and not in substitution for, any other rights or remedies CMHC may have, however created. CMHC is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to any other rights of CMHC in respect of the Obligations including the right to claim for any deficiency.

## **ARTICLE 6 MISCELLANEOUS**

### **6.1 Continuing Obligations.**

The terms and conditions of this Agreement shall remain binding and effective on the parties hereto until discharged by CMHC as contemplated in the Loan Agreement and shall not merge in or be extinguished by any of the Loan Documents, including, without limitation, any judgment taken against the Debtor or any other Person for breach of its obligations under this Agreement, any other Loan Documents, and/or the Loan Agreement. The Obligations will be paid without regard to any equities between the Debtor, CMHC or any other Person or any right of set-off or counterclaim.

### **6.2 Other Security.**

The provisions of this Agreement shall be in addition to and not in substitution for the provisions of the Security Documents or any other security or evidence of liability in respect of the Obligations, all of which shall be construed as complementary to each other. Nothing contained herein shall prevent CMHC from enforcing any of the Security Interests, or other security or evidence of liability in accordance with its terms.

### **6.3 Appointment of Attorney.**

Effective upon the occurrence of an Event of Default which is continuing, the Debtor hereby irrevocably appoints CMHC or the Receiver, as the case may be, with full power of substitution, as the attorney of the Debtor for and in the name of the Debtor to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, transfer authorizations, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do everything necessary or incidental to the exercise of all or any of the powers conferred on CMHC, or the Receiver, as the case may be, pursuant to this Agreement.

**6.4 Registrations.**

- (a) CMHC shall have the right at any time and without notice to cause this Agreement or notice thereof to be registered or filed in any office of public record where CMHC reasonably considers it necessary.
- (b) To the extent permitted by law, the Debtor hereby waives any entitlement to receive any financing statement, financing change statement or verification statement pertaining to a registration of or in respect of this Agreement.

**IN WITNESS WHEREOF** the undersigned has executed this Agreement as of the date first above written.

**LONDON AND MIDDLESEX COMMUNITY  
HOUSING CORPORATION**

By: \_\_\_\_\_

Title:

Name:

Email:

By: \_\_\_\_\_

Title:

Name:

Email:

*I have the authority to bind the Debtor.*

## Schedule A

Account Information; Chief Executive Office

<u>Repair Program Funding</u> <u>Account</u>	<b>[NTD: To be completed by LMCH]</b>
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<u>Chief Executive Office</u>	<b>[NTD: To be completed by LMCH]</b>
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# ATTACHMENT 4

## BOARD RESOLUTION

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
LONDON & MIDDLESEX COMMUNITY HOUSING INC.**

(the "Corporation")

**WHEREAS** the Corporation requires financing to fund its ongoing activities.

**AND WHEREAS** in respect of the credit facilities to be made available by Canada Mortgage and Housing Corporation (the "Lender") to the Corporation ("Facilities"), it is a condition precedent that the Board of Directors of the Corporation pass this resolution and the sole shareholder of the Corporation, i.e., The Corporation of the City of London ("Municipality") guarantees the Facilities in favour of the Lender.

**AND WHEREAS** the Municipality has already provided its approval to: (a) act as a guarantor in favour of the Corporation for the Facilities being granted to the Corporation; and (b) obtaining of the Facilities by the Corporation in compliance with the Declaration of the Sole Shareholder dated June 20, 2011 (Section 6.4(a)(i)), as evidenced by the Municipality's Council passing a by-law dated [\*];

**AND WHEREAS** the Corporation has the power and capacity to incur indebtedness and to create first priority security over a bank account titled 'Repair Program Funding Account', which is opened or will be opened for and in the name of the Corporation to receive the funding from the Lender;

**AND WHEREAS** the Corporation intends to execute and deliver the Documents listed below.

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Corporation be and it is hereby authorized and directed to execute, deliver and perform all obligations under all documents and instruments as may be requested by the Lender, including, without limitation, the following (collectively, the "Documents"):
  - (a) credit agreement;
  - (b) an account security agreement over the 'Repair Program Funding Account'; and
  - (c) an operating agreement.
2. Any officer or director of the Corporation (including the Chief Executive Officer) be and is hereby authorized and directed, for and on behalf of and in the name of the Corporation, to execute (under the corporate seal or otherwise) and deliver and perform all of the Corporation's obligations under the Documents, substantially in the form of the draft Documents submitted to the board of directors, with such amendments, alterations, additions and deletions as may be approved by such person whose signature shall be conclusive evidence of such authorization and all such deeds, documents and other writings and to do all such other acts and things as he or she considers necessary or desirable to give effect to

the foregoing, such execution to be conclusive evidence of his or her approval.

3. Any agreements, instruments or other documents executed and delivered and any and all acts and things done by any officer or director on or before the date hereof, determined to be necessary or desirable by such officer or director in order to complete the transactions contemplated by this resolution are ratified, approved and confirmed in all respects.
4. The foregoing resolutions are hereby consented to in writing by the board of directors of the Corporation pursuant to the Business Corporations Act (Ontario), as evidenced by their respective signatures below dated \_\_\_\_ November, 2021.

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**Aynsley Anderson**

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**John Millson**

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**Tammy Brooks**

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**Shellie Chowns**

---

**Gary Bezaire**

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**Adrian Cornelissen**

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**Josh Morgan**

# ATTACHMENT 5

BUSINESS CASE 18



## Appendix 2: Approved Business Case for CMHC Funding



# 2020 – 2023 CITY OF LONDON MULTI-YEAR BUDGET BUSINESS CASE # 18 – LMCH Co-Investment with CMHC

<b>STRATEGIC AREA OF FOCUS:</b>	Building a Sustainable City
<b>STRATEGY:</b>	<b>BSC-03:</b> Renovate and Revitalize LMCH Housing Sites
<b>BUSINESS CASE TYPE:</b>	For Consideration – Additional Investment
<b>DESCRIPTION:</b>	London & Middlesex Community Housing (LMCH) Application for Canadian Mortgage & Housing Corporation (CMHC) Co-Investment Funding Under the National Housing Strategy (NHS) to Repair and Renew Existing LMCH Public Housing Stock
<b>SERVICE(S):</b>	London & Middlesex Community Housing
<b>LEAD:</b>	Josh Browne, Chief Executive Officer, LMCH

Business Case Tax Levy Impact (\$000's)	2020	2021	2022	2023	2020-2023 TOTAL
Annual Net Requested Tax Levy	\$1,873	\$1,921	\$1,967	\$2,016	\$7,777
Annual Net Incremental Tax Levy	\$1,873	\$48	\$46	\$49	\$2,016
Estimated Tax Levy Impact %	0.31%	0.01%	0.01%	0.01%	0.08% (Average)
Estimated Tax Payer Impact (Dollars) <sup>1</sup>	\$8.78	\$9.00	\$9.22	\$9.45	\$9.11 (Average)

Note 1: Calculated based on the average assessed value of \$241,000 for a residential property (excludes education tax portion and impacts of future tax policy).

## LMCH CMHC CO-INVESTMENT (FOR CONSIDERATION): LINK TO THE STRATEGIC PLAN

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STRATEGIC AREA OF FOCUS: Building a Sustainable City

STRATEGY: Renovate and revitalize LMCH/Community Housing sites.

OUTCOME: London's infrastructure is built, maintained and operated to meet the long-term needs of the community.

EXPECTED RESULT: Maintain or increase current levels of service.

LINK TO STRATEGIC PLAN: Renovate and Revitalize LMCH Housing Sites - Investing in existing public housing stock ensures that the current supply is of sufficient quality to remain in use and fit to provide housing for individuals and families requiring rent-gear-to-income (RGI) housing.

## WHAT IS INCLUDED IN THE BASE BUDGET?

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### Base Budget Summary:

Base Budget (\$000's)	2019	2020-2023 TOTAL
	Net	Net
<b>Boards &amp; Commissions:</b>		
LMCH	\$ -	\$ -

This is a new initiative with no financial contributions to date and therefore no base budget.

## WHAT IS REQUIRED FROM PROPERTY TAX?

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### BUSINESS CASE DELIVERABLES

The business case provides City Council with an overview of CMHC's Co-Investment Fund outlining the cost, outcomes and benefits of advancing funding on a partial portfolio approach. To advance co-investment funding, a Letter of Intent (LOI) with CMHC, LMCH and the City of London that clearly communicates the City's commitment to support and guarantee the total negotiated loan portion of CMHC Co-Investment funding, is required. The LOI enables CMHC to secure funding for LMCH, demonstrating to both the City of London and LMCH that CMHC is a committed partner. At the same time, detailed negotiations are advanced so that finalized funding delivery decisions can be made.

Civic Administration and LMCH will continue to engage in discussions with CMHC to negotiate funding principles and to determine the extent of the municipal contribution and loan guarantee with respect to the LMCH repair/renewal funding application. The objective of these negotiations will be to maximize available funding while limiting the net tax levy impact based on what the City can afford.

### CMHC Background Information

In 2018, Canada's first National Housing Strategy (NHS) was developed. The overarching objective of the strategy is that all Canadians have access to housing that meets their needs and is affordable. Four strategies were advanced, including modernizing existing community housing which resulted in the creation of the Co-Investment Repair and Renew Funding stream.

The CMHC Co-Investment program provides low-cost loans and financial contributions for the preservation and renewal of existing community housing supply<sup>2</sup>. In early discussion with CMHC representatives, it was communicated that on a portfolio approach a 60% loan, 40% forgivable loan<sup>3</sup> is common. CMHC loans are amortized over a period of 40 years; terms are ten years in length with a fixed and favourable interest rate, locked in upon first advance each term. Due to CMHC Co-Investment programming timelines, the earliest loan period start date begins in 2020 with funding advanced until 2027 calendar year end.

To be eligible for co-investment funding, the projects advanced must result in a twenty-five percent (25%) decrease in greenhouse gas (GHG) emissions across the portfolio relative to past performance levels. Additionally, twenty percent (20%) of the portfolio's units must meet or exceed accessibility standards and all common areas must be barrier free. Other social outcomes like providing units to vulnerable populations, affordability, partnerships and integrated support are also important criteria for funding eligibility.

LMCH's portfolio is aging and requires significant capital investment that is in excess of City budgets. Under the *Housing Services Act (HSA)*, LMCH is required to maintain the condition of units in a state of good repair that is fit for occupancy. CMHC Co-investment funding provides an excellent

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<sup>2</sup> More information on CMHC's Co-Investment funding is available on the CMHC [website](#).

<sup>3</sup> CMHC funding requires a guarantee of the full amount advanced, even though a large portion of the funding is provided as a forgivable loan.

avenue to access significant levels of forgivable loans in conjunction with loan financing. This investment contributes to LMCH's ability to provide homes that are in acceptable condition for a sustained period and safeguards against the currently ever-increasing risk of unit closures.

Co-Investment funding will also provide needed improvements to the quality of LMCH homes. For example, replacing building envelopes ensures that issues with water infiltration and mold, which often follows, are prevented and as a result, LMCH homes are healthy for tenants. At the same time, the public appearance of these homes is drastically improved, and consequently the stigma that tenants may experience because of their homes appearance is reduced.

CMHC funding provided through this business case will address a significant portion of building requirements of **low and limited impact** that require replacement as detailed in the Asset Management Plan, while receiving significant levels of federal forgivable loans. The advanced projects will also result in lower operating costs and improved accessibility outcomes that will address the important needs of an aging population and AODA requirements. The funding will also improve the Facility Condition Index (FCI) and extend the life of the assets significantly. The CMHC funding eligibility will require a number of works which sit in the **low and limited impact** classes in the Asset Management Plan which need to be carried out to qualify for funding.

CMHC funding will be risk neutral in the context of the Asset Management Plan but will significantly improve the quality of the homes we offer and extend the useful life of a significant portion of the portfolio.

Also of significant importance is the fact that by investing in the portfolio now, it can be maintained and operable for a far greater period than it would be without this much-needed investment.

While CMHC recommends taking a full portfolio approach to maximize federal funding, it is recognized that Council has various other priorities and business cases to consider in a constrained fiscal reality<sup>4</sup>. As such, LMCH and City of London staff recommend a partial portfolio approach, as outlined in this business case, be considered in continued negotiations with CMHC.

## Approval Process Overview

There are four main steps to obtain CMHC Co-Investment funding. These steps along with Council's role in them are as follows:

1. CMHC, LMCH, and the City of London engage in preliminary discussion related to program structure, costs, benefits and outcomes.
  - Council's Role: None
  - Status: Complete
  - Completion Date: November 2019
2. With Council support, a LOI between CMHC, LMCH, and the City of London is created. The main purposes of the LOI are as follows:
  - Declares officially that the parties are currently negotiating

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<sup>4</sup> If a full portfolio approach is advanced available CMHC funding is increased. This would require additional investment from the City of London, which at this time is outside of the City's fiscal realities.

- To allow parties to sketch out fundamental terms quickly before expending significant resources on negotiating finalized agreements and completing associated due diligence
    - Council's Role: demonstrate commitment by directing Civic Administration, together with LMCH and CMHC, to write and fully execute a Letter of Intent.
    - Status: Outstanding, Pending Council Approval
    - Estimated Completion Date: March 2020 (following Council budget deliberation decisions)
3. Following negotiations with CMHC, LMCH and the City of London, a finalized Co-Investment funding approach is advanced. The approach outlines the projects to be completed, and their location, estimated schedule, and cost. Council is directed to approve the funding and project approach.
- Council's Role: Approve CMHC's Co-Investment program with LMCH
  - Status: Outstanding, Pending LOI and negotiations to follow
  - Estimated Completion Date: April-May 2020
4. Projects Work Initiated
- Preliminary project work (e.g. Request for Proposal (RFP), Request for Tender (RFT)) would be initiated following the creation of a LOI. This allows construction to begin as soon as possible and assists with the schedule demands of finishing by 2027 calendar year end.
- Status: Outstanding, Pending LOI
  - Estimated Completion Date: 2027 calendar year end

### Underlying Assumptions & Limiting Conditions

1. The approach presented is not representative of final negotiations or funding decisions, rather it is presented as a possible approach that could be advanced. Final funding decisions will not be advanced without Council approval (step 3 of approval process).
2. All estimated project costs are informed by recently completed or recently cost estimated LMCH capital projects. Alternatively, estimates are informed by best available cost estimation tools. The figures presented in this business case are for the purposes of providing a reasonable order of magnitude; *further costing will be necessary to validate these figures.*
3. GHG reduction estimates and associated operational cost savings estimates are based on general industry trends. Comprehensive energy audits are required to fully verify these estimates.
4. Preliminary discussion with CMHC representatives and publically available information inform CMHC funding estimates. While these amounts and rates are generally available for Co-Investment projects, they are by no means guaranteed and are subject to negotiations.
5. Throughout the document, all loan interest calculations apply a 40-year amortization period from date of first draw, an annual estimated interest rate of 2%, twelve monthly payments a year and an annual loan drawdown amount of the required funding over eight years. These rates are for estimation and comparison purposes only and do not represent any rate or term guarantees of CMHC.

## Partial Portfolio Approach Overview (Recommended)

The partial portfolio approach advances \$36.47 million in CMHC funding. Of the total funding advanced it is estimated that 40% or \$14.58 million will be provided as a forgivable loan, with the balance, \$21.88 million, as a repayable loan. This approach provides Co-Investment funding to 63% (or 2,084 units) of the portfolio. Following construction completion, the GHG emissions of the invested portfolio will be reduced by 25% and accessible units will increase to 20% (or 413 units) of the invested portfolio.

Partial Portfolio Approach		Notes
% of LMCH Portfolio Impacted	63%	
<b>Total Project Est. Capital Cost*</b>	<b>\$36,970,000</b>	
<b>CMHC Funding</b>		
Total CMHC Forgivable Loan	\$14,588,000	40% of total CMHC funding
Total CMHC Loan Principal	\$21,882,000	60% of total CMHC funding
<b>Total Eligible CMHC Funding</b>	<b>\$36,470,000</b>	\$17,500/unit X 2,084 units
<b>Additional Cash Required from City</b>		
Total Project Est. Capital Cost	\$36,970,000	
Total Eligible CMHC Funding	\$36,470,000	
<b>Additional Cash Required from City</b>	<b>\$500,000</b>	Total Project capital cost-CMHC funding

\*\$36.97 million spread over 8 years results in an annual capital expenditure of \$4.62 million.

Based on conservative CMHC funding estimates of \$17,500/ unit<sup>5</sup> there will be a funding shortfall of \$500 thousand which will have to be funded as capital from the City of London. Improvements to building efficiency, mostly achieved through new building envelopes on townhouse properties, is projected to result in \$370 thousand in operational savings following construction completion. The savings have been factored into the overall financial analysis by introducing 1/8th of the savings each year until the full savings are realized.

Total loans requiring repayment advanced by CMHC under this approach is estimated to be \$21.88 million. Based on an amortization period of 40 years, and one, ten-year term the projected interest expenses total \$2.70 million. Debt servicing includes CMHC loan interest, principal repayment, as well as a sinking fund contribution to fully extinguish the debt after 10 years. In order to execute the work, three additional full-time equivalent contract staff will be hired for the purposes of project management (PM). The estimated cost of this over a period of 8 years is \$2.8 million and is included in the costing.

<sup>5</sup> Conservative estimates based on conversation with CMHC of \$17.5 thousand have been used for analysis purposes. However, it is prudent to note that other LHC's like Toronto Community Housing Corporation (TCHC) have received substantially greater rates of per unit funding. In fact, TCHC's per unit funding for repair and renewal is \$22.8 thousand. More information on TCHC's repair and renewal funding is available on the TCHC [website](#).

CMHC's Co-Investment fund is premised on engaging in a *portfolio-wide approach*. CMHC has indicated that engaging in a reduced portfolio approach may affect the ability to maximize access to long-term loans and forgivable loans. Regardless of the number of LMCH units receiving Co-Investment funding, eligibility requirements, namely GHG reduction and accessibility, must still be met. The information presented in the partial portfolio approach is based on the selection of specific properties and projects that are expected to meet eligibility requirements<sup>6</sup>.

### Operating Budget Table (\$000's)

Operating Description	2020	2021	2022	2023	2020-2023 Total	2024-2029 Total
Debt Servicing*	\$1,889	\$1,987	\$2,083	\$2,178	\$8,137	\$14,752
Staffing	\$298	\$301	\$303	\$309	\$1,211	\$1,603
Reserve Fund Contribution**	\$63	\$63	\$63	\$63	\$252	\$252
<b>Revenue:</b>						
Grants	-	-	-	-	-	-
Reserves	-	-	-	-	-	-
Operational Savings	(\$46)	(\$91)	(\$135)	(\$178)	(\$450)	(\$1,792)
Other (County Contribution)	(\$331)	(\$339)	(\$347)	(\$356)	(\$1,373)	(\$2,222)
<b>Net Tax Levy</b>	<b>\$1,873</b>	<b>\$1,921</b>	<b>\$1,967</b>	<b>\$2,016</b>	<b>\$7,777</b>	<b>\$12,593</b>

\* Debt servicing includes CMHC loan interest, principal repayment, as well as a sinking fund contribution to fully extinguish the debt after 10 years

\*\* Public Housing Major Upgrades Reserve Fund – to fund the City's additional \$500 thousand required contribution.

### Staffing Table

Staffing Summary (Cumulative Changes)	2020	2021	2022	2023
# of Full-Time Employees Impacted (based on partial portfolio approach)	-	-	-	-
# of Full Time Equivalents <sup>7</sup>	3.0	3.0	3.0	3.0
<b>Full-Time Equivalents Estimated Cost (\$000's)</b>	<b>\$298</b>	<b>\$301</b>	<b>\$303</b>	<b>\$309</b>

<sup>6</sup> The identified proposed sites include five townhouse sites and eight multi-residential properties. Specific properties have not been identified, as further negotiations are required first.

<sup>7</sup> Three project management staff, hired on a contractual basis, will be required under the partial portfolio approach.

## Capital Budget Table (\$000's)

Capital Description	Expenditure					
	2020	2021	2022	2023	2020-2023 Total	2024-2029 Total
Expenditure*	\$4,621	\$4,621	\$4,621	\$4,621	\$18,484	\$18,484
<b>Source of Financing:</b>						
Capital Levy	-	-	-	-	-	-
Debenture	(\$2,735)	(\$2,735)	(\$2,735)	(\$2,735)	(\$10,940)	(\$10,940)
Reserve Fund Draw**	(\$63)	(\$63)	(\$63)	(\$63)	(\$252)	(\$252)
CMHC Forgivable Loan	(\$1,823)	(\$1,823)	(\$1,823)	(\$1,823)	(\$7,292)	(\$7,292)
Non-tax Supported	-	-	-	-	-	-

\* \$4.62 million annual expenditure is the result of the total estimated project cost of \$36.97 million spread over 8 years.

\*\* Public Housing Major Upgrades Reserve Fund – to fund the City's additional \$500 thousand required contribution.

## Business Case Metrics

Metric Description (Cumulative)	2020	2021	2022	2023
% of LMCH Portfolio that meets accessibility standards	1%	3%	5%	7%
% of LMCH Tenants satisfied with their home	60%	62%	64%	66%
# of LMCH Units renovated/retrofitted	0	295	591	886

## WHAT ARE THE RISKS OF NOT PROCEEDING?

Some specific risks include:	
1	Significant levels of available government funding is not utilized, while LMCH capital funding needs only continue to be deferred longer
2	LMCH's units continue to decline in quality, become increasingly expensive to operate, and lifecycle renewal costs accelerate faster
3	Risk of unit closure increases; potential for reduction in available and highly demanded affordable housing units increases dramatically
4	Cost to the City for investment at a future date is substantially higher than current costs achievable through Co-Investment funding

## OTHER INFORMATION TO REFER TO?

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CMHC Co-Investment Fund Information

<https://www.cmhc-schl.gc.ca/en/nhs/co-investment-fund---housing-repair-and-renewal-stream>

LMCH CMHC Renewal Plan

[https://www.lmch.ca/uploads/pdf/MYB\\_placeholder.pdf](https://www.lmch.ca/uploads/pdf/MYB_placeholder.pdf)

City of London Strategic Priorities and Policy Committee Meeting of May 15, 2017 – LMCH State of Infrastructure

<https://pub-london.escribemeetings.com/meeting.aspx?Id=e8f260c3-f88d-4f54-bc04-1335a31fa336&Agenda=Agenda&lang=English&Item=52784>

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=31581>

London & Middlesex Community Housing Strategic Plan

[https://www.lmch.ca/uploads/pdf/Strategic\\_Plan.pdf](https://www.lmch.ca/uploads/pdf/Strategic_Plan.pdf)

City of London Audit Committee Meeting of June 7, 2018

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=46708>

# ATTACHMENT 6

## PROJECT PORTFOLIO LISTING

**CMHC Repair & Renew  
LMHC**

Cash Flow	2021	2022	2023	2024	2025	2026	2027	TOTAL
<b>Simcoe</b>								
217 units - 35 units retrofit	Estimated Budget							TOTAL
<b>Hard Costs</b>	\$ 5,000	\$ 839,791	\$ 607,427	\$ 375,093	\$ -	\$ -	\$ -	
Accessibility Hard Costs	\$ -	\$ 705,522	\$ 607,427	\$ 321,711	\$ -	\$ -	\$ -	
Energy Hard Costs	\$ 5,000	\$ 134,269	\$ -	\$ 53,382	\$ -	\$ -	\$ -	
<b>Soft Costs</b>	\$ 12,100	\$ 66,727	\$ 15,000	\$ 15,000	\$ 6,000	\$ 6,000	\$ 4,500	
Accessibility Soft Costs	\$ 5,100	\$ 57,727	\$ 11,000	\$ 11,000	\$ 2,000	\$ 2,000	\$ 500	
Energy Soft Costs	\$ 7,000	\$ 9,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	
Contingency	\$ 600	\$ 116,887	\$ 72,891	\$ 45,011	\$ -	\$ -	\$ -	
<b>Total</b>	<b>\$17,700</b>	<b>\$1,023,405</b>	<b>\$695,318</b>	<b>\$435,104</b>	<b>\$6,000</b>	<b>\$6,000</b>	<b>\$4,500</b>	<b>\$2,188,027</b>
<b>Baseline (seniors)</b>								
251	2021	2022	2023	2024	2025	2026	2027	TOTAL
Hard Costs	\$ 50,000	\$ 1,378,851	\$ 1,366,710	\$ 831,229	\$ -	\$ -	\$ -	
Soft Costs	\$ 24,550	\$ 51,675	\$ 39,000	\$ 39,000	\$ 4,000	\$ 4,000	\$ 4,000	
Contingency	\$ 6,000	\$ 165,462	\$ 164,005	\$ 99,747	\$ -	\$ -	\$ -	
<b>Total</b>	<b>\$82,050</b>	<b>\$1,597,488</b>	<b>\$1,570,715</b>	<b>\$970,976</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$4,236,229</b>
Accessibility Upgrades:Soft Costs In Suite	\$ 17,300	\$ 35,000	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ -	\$ 122,300
Accessibility Upgrades: Construction Costs	\$ 45,000	\$ 908,544	\$ 1,366,710	\$ 789,655	\$ -	\$ -	\$ -	\$ 3,109,908
Accessibility Upgrades: Soft Costs Common Areas	\$ 2,500	\$ 11,675						\$ 14,175
Accessibility Upgrades: Common Areas Construction Costs	\$ -	\$ 315,000						\$ 315,000
Energy Consulting Fees	\$ 4,750	\$ 5,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 29,750
Energy Mgmt. System Upgrade/Replacement	\$ -	\$ 155,307						\$ 155,307
Washroom Faucet Replacement	\$ -	\$ -		\$ 41,574				\$ 41,574
VFD Programming	\$ 5,000	\$ -						\$ 5,000
Owner Soft Costs *marketing materials, security, specs.	\$ 1,500	\$ 1,500	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 8,000
Contingency Construction @ 12%	\$ 6,000	\$ 165,462	\$ 164,005	\$ 99,747	\$ -	\$ -	\$ -	\$ 435,215
<b>Total</b>	<b>\$ 82,050</b>	<b>\$ 1,597,488</b>	<b>\$ 1,570,715</b>	<b>\$ 970,976</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 4,236,229</b>
<b>McNay (seniors)</b>								
252	2021	2022	2023	2024	2025	2026	2027	TOTAL
Accessibility Upgrades:Soft Costs In Suite	\$ 6,000	\$ 80,050	\$ 17,227	\$ 17,007	\$ 11,532	\$ -	\$ -	\$ 131,815
Total Number of Unit Upgrades	\$ -	\$ 25	\$ 25	\$ 25	\$ 13			
Accessibility Upgrades: Construction Costs	\$ -	\$ 990,000	\$ 843,648	\$ 1,316,091	\$ 395,412	\$ -	\$ -	\$ 3,545,151
Accessibility Upgrades: Soft Costs Common Areas@ 4.5%	\$ -	\$ -	\$ 14,227					\$ 14,227
Accessibility Upgrades: Common Areas Construction Costs	\$ -	\$ -	\$ 316,156					\$ 316,156
Energy Consulting Fees	\$ 4,000	\$ 12,889	\$ 4,000	\$ 4,000	\$ 4,000	\$ 3,500	\$ 3,000	\$ 35,389
Energy Mgmt. System Upgrade/Replacement	\$ -	\$ 155,307						\$ 155,307
Washroom Faucet Replacement	\$ -	\$ 61,746						\$ 61,746
VFD Programming @ MUA	\$ 5,000	\$ 5,000						\$ 10,000
Owner Soft Costs *marketing materials, security, specs.	\$ 1,000	\$ 1,500	\$ 1,000	\$ 1,000				\$ 4,500
Contingency Construction @ 12%	\$ -	\$ -	\$ 173,971	\$ 197,414	\$ 59,312	\$ -	\$ -	\$ 430,696
<b>Total</b>	<b>\$ 16,000</b>	<b>\$ 1,306,492</b>	<b>\$ 1,370,228</b>	<b>\$ 1,535,511</b>	<b>\$ 470,256</b>	<b>\$ 3,500</b>	<b>\$ 3,000</b>	<b>\$ 4,704,987</b>
<b>Dundas</b>								
150	2021	2022	2023	2024	2025	2026	2027	TOTAL
Accessibility Upgrades:Soft Costs In Suite	\$ -	\$ -	\$ 15,434	\$ 8,271	\$ 8,271	\$ -	\$ -	\$ 31,976
Total Number of Unit Upgrades	0	0		10	10			20
Accessibility Upgrades: Construction Costs	\$ -	\$ -		\$ 350,958	\$ 331,224			\$ 682,182
Accessibility Upgrades: Soft Costs Common Areas	0	\$ -						\$ -
Accessibility Upgrades: Common Areas Construction Costs	\$ -	\$ -	\$ 164,320					\$ 164,320
Energy Consulting Fees	\$ 1,000	\$ -		\$ 83		\$ 83		\$ 1,167
Energy Mgmt. System Upgrade/Replacement	0	\$ 93,432						\$ 93,432
Washroom Faucet Replacement	0	\$ -			\$ 37,146			\$ 37,146
VFD Programming @ MUA	\$ 5,000	\$ -						\$ 5,000
Energy retrofits	\$ -	\$ -						\$ -
Owner Soft Costs Energy marketing materials, security, specs.	\$ -	\$ -	\$ 1,667	\$ 1,667	\$ 1,667			\$ 5,000
Contingency Construction	\$ -	\$ -	\$ 19,718.40	\$ 46,572.43	\$ 39,746.91	\$ -	\$ -	\$ 106,038
<b>Total</b>	<b>\$ 6,000</b>	<b>\$ 93,432</b>	<b>\$ 201,139</b>	<b>\$ 407,551</b>	<b>\$ 418,055</b>	<b>\$ 83</b>	<b>\$ -</b>	<b>\$ 1,126,261</b>

Walnut (senior)	2021	2022	2023	2024	2025	2026	2027	TOTAL
232								
Accessibility Upgrades:Soft Costs In Suite	\$ 3,000	\$ 62,009	\$ 12,900	\$ 12,700	\$ 12,700	\$ -	\$ -	\$ 103,308
Total Number of Unit Upgrades	\$ -	20	20	20	15			\$ 75
Accessibility Upgrades: Construction Costs	\$ -	\$ 787,120	\$ 674,918	\$ 1,052,873	\$ 456,245			\$ 2,971,156
Accessibility Upgrades: Soft Costs Common Areas	\$ 5,300	\$ -	\$ 5,000.00	\$ 5,000.00				\$ 15,300
Accessibility Upgrades: Common Areas Construction Costs	\$ 45,000	\$ -		\$ 293,928				\$ 338,928
Energy Consulting Fees	\$ 1,000	\$ 3,827	\$ 3,827		\$ 3,827			\$ 12,480
Energy Mgmt. System Upgrade/Replacement	\$ -	\$ 143,500						\$ 143,500
VFD Programming @ MUA	\$ 5,000							
Washroom Faucet Replacement	\$ -	\$ -			\$ 57,000			\$ 57,000
Energy Retrofits	\$ -	\$ 15,000	\$ 5,000	\$ 5,000	\$ 5,000			\$ 30,000
Owner Soft Costs Energy marketing materials, security, specs.	\$ -	\$ 1,667	\$ 1,667	\$ 1,667				\$ 5,000
Contingency Construction	\$ 6,120	\$ 113,934	\$ 81,590	\$ 162,216	\$ 62,189	\$ -	\$ -	\$ 426,049
<b>Total</b>	<b>\$ 65,420</b>	<b>\$ 1,127,056</b>	<b>\$ 784,902</b>	<b>\$ 1,533,384</b>	<b>\$ 596,961</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,102,722</b>
<b>Kent (senior)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>TOTAL</b>
Accessibility Upgrades:Soft Costs In Suite	\$ -	\$ 56,374	\$ 17,355	\$ 18,069	\$ 18,069	\$ -	\$ -	\$ 109,866
Total Number of Unit Upgrades	\$ -	18	18	18	11			\$ 65
Accessibility Upgrades: Construction Costs	\$ -	\$ 681,408	\$ 607,427	\$ 947,585	\$ 334,580			\$ 2,571,000
Accessibility Upgrades: Soft Costs Common Areas	\$ -	\$ -	\$ 15,710					\$ 15,710
Accessibility Upgrades: Common Areas Construction Costs	\$ -	\$ -	\$ 349,104					\$ 349,104
Energy Consulting Fees	\$ 1,000	\$ 4,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 30,000
Energy Mgmt. System Upgrade/Replacement	\$ -	\$ 134,269						\$ 134,269
Washroom Faucet Replacement	\$ -	\$ 52,152						\$ 52,152
VFD Programming @ MUA	\$ 5,000	\$ -						\$ 5,000
Energy Retrofits	\$ -	\$ 3,500						\$ 3,500
Owner Soft Costs Energy marketing materials, security, specs.	\$ -	\$ 2,400	\$ 800	\$ 800	\$ 800	\$ 800		\$ 5,600
Contingency Construction @12%	\$ -	\$ 130,699	\$ 143,480	\$ 142,138	\$ 50,187	\$ -	\$ -	\$ 466,504
<b>Total</b>	<b>\$ 6,000</b>	<b>\$ 1,064,802</b>	<b>\$ 1,138,875</b>	<b>\$ 1,113,592</b>	<b>\$ 408,635</b>	<b>\$ 5,800</b>	<b>\$ 5,000</b>	<b>\$ 3,742,704</b>
<b>345 &amp; 349 Wharnccliffe</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>TOTAL</b>
290								
Accessibility Upgrades:Soft Costs In Suite	0	\$ 50,622	\$ 14,230	\$ 14,230	\$ -	\$ -	\$ -	\$ 79,082
Total Number of Unit Upgrades	0	17	17	17				\$ 51
Accessibility Upgrades: Construction Costs	0	\$ 650,000	\$ 696,066	\$ 696,066	\$ -	\$ -	\$ -	\$ 2,042,132
Accessibility Upgrades: Soft Costs Common Areas@ 4.5%	0	\$ -						\$ -
Accessibility Upgrades: Common Areas Construction Costs	0	\$ -		\$ 432,000				\$ 432,000
Energy Consulting Fees	2000	\$ 25,000	\$ 3,500		\$ 3,500			\$ 34,000
Energy Mgmt. System Upgrade/Replacement	0	\$ 168,751						\$ 168,751
Downsized MUA cancelled	0	\$ -						\$ -
Washroom Faucet Replacement	0	\$ -		\$ 85,000				\$ 85,000
Energy Retrofits.	2000	\$ 26,000	\$ 6,000	\$ 6,000	\$ 6,000			\$ 46,000
VFD Programming @ MUA	8000	\$ -						\$ -
LED in Common Areas	0	\$ -						\$ -
Owner Soft Costs Energy marketing materials, security, specs.		\$ 5,000	\$ 1,000	\$ 1,000	\$ 1,000			\$ 8,000
Contingency Construction	240	\$ 111,495	\$ 84,248	\$ 146,288	\$ 720	\$ -	\$ -	\$ 342,991
<b>Total</b>	<b>\$ 12,240</b>	<b>\$ 1,036,868</b>	<b>\$ 805,044</b>	<b>\$ 1,380,584</b>	<b>\$ 11,220</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,237,955</b>
<b>Marconi</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>TOTAL</b>
51								
Furnace - 2006	\$0	\$0	\$0	\$0	\$292,283	\$0	\$0	\$ 292,283
DHW *	\$0	\$0	\$0	\$0	\$221,106	\$0	\$0	\$ 221,106
Misc. Energy Projects = LED in Suite, kitchen Aerator, faucet, thermostat	\$0	\$65,000	\$0	\$0	\$0	\$0	\$0	\$ 65,000
Exterior LED replacement	\$0	\$53,550	\$0	\$0	\$0	\$53,505	\$0	\$ 107,055
Hard Surface Repair & Restoration	\$0	\$145,000	\$0	\$0	\$400,000	\$439,000	\$0	\$ 984,000
Contract Admin Costs	\$0	\$7,907	\$0	\$0	\$27,402	\$14,775	\$0	\$ 50,083
Contingency	\$0	\$26,355	\$0	\$0	\$45,669	\$39,400	\$0	\$ 111,425
<b>Total</b>	<b>\$0</b>	<b>\$297,812</b>	<b>\$0</b>	<b>\$0</b>	<b>\$986,460</b>	<b>\$546,681</b>	<b>\$0</b>	<b>\$1,830,952</b>

# ATTACHMENT 7

LETTER OF INTENT

## LETTER OF INTENT

This Letter of Intent (“**LOI**”) is dated for reference the 22<sup>nd</sup> day of February 2021 and is made effective as of this date.

Between:

Canada Mortgage and Housing Corporation (“**CMHC**”)

and

London and Middlesex Community Housing Corporation (“**LMCH**”)

and

The Corporation of the City of London (the “**City of London**”)

**WHEREAS**, CMHC through the National Housing Co-Investment Fund (the “**Co-Investment Fund**”) seeks to support the development of affordable housing;

**AND WHEREAS**, LMCH has submitted an application to CMHC for funding available through the Co-Investment Fund to support the repair of 2,082 housing units, within 13 buildings in the City of London under the Co-Investment Fund (LMCH may also be referred to as the “**Borrower**”), such repairs to be done on a portfolio basis;

**AND WHEREAS**, City of London has agreed to guarantee the payment and performance obligations of LMCH pursuant to the application (the “**Guarantor**”);

**AND WHEREAS**, the 2,082 housing units in the City of London may be referred to as the portfolio (the “**Portfolio**”);

**NOW THEREFORE** the parties enter into this letter of intent as follows:

1. CMHC has conditionally allocated \$40,136,090.00<sup>1</sup> in funding for the Portfolio over a 7-year period, ending no later than December 31, 2027 that consists of up to \$24,602,101.00 in repayable loans (\$11,866 per unit or 36% of total costs) and up to \$15,533,989.00 in forgivable<sup>2</sup> loans (\$7,461 per unit or 22.65% of total cost). This represents the maximum aggregate funding allocated for the Portfolio and such funding shall form no more than 58.52% of the total overall Portfolio budget of \$68,583,866.00.
2. Please note that CMHC reserves the right to recommit all or part of the Co-Investment Funding Amount to another project in the event the Applicant is not able to satisfy the requirements or if the costs of the repairs are less than the budget submitted by the Applicant. Any decrease in total cost may lead to a proportional decrease in CMHC's funding.
3. The Borrower is committed to developing the Portfolio over a 7 year period, ending no later than December 31, 2027 and achieving Co-Investment Fund requirements including, but not limited to:
  - i. affordability will be maintained for at least 20<sup>3</sup> years from the first anniversary date of the last day of the funding tranche based on units occupied in a particular year such that rents for a minimum of 50% of the units will be on average below 50% of the median market rental rate<sup>4</sup>;
  - ii. energy consumption and greenhouse gas emissions are reduced by at least 25% relative to the pre-repair levels which shall be demonstrable using modelling acceptable to CMHC; and
  - iii. at least 20% of the units will meet or exceed accessibility criteria required for the Co-Investment Fund. The Borrower will provide reporting and information in respect of LMCH's funding commitments as required and determined by CMHC, and LMCH consents to CMHC auditing such aforementioned commitments in respect of the aforementioned funding.
4. The Borrower Monitoring of the achievement of these requirements will be done during the repair period to ensure all requirements are met on a Portfolio level.
5. The Borrower acknowledges and agrees that a material increase or decrease in the total project costs or the number of housing units may affect the amount of funding outlined herein. Borrower acknowledges and agrees that cost increases and overages are the sole responsibility of Borrower.
6. The Guarantor agrees to provide an unlimited payment and performance guarantee and indemnity agreement for all of the obligations of LMCH and the City of London pursuant to the Portfolio, this LOI and all term sheets, loan agreements and all other agreements related hereto.
7. In addition to the Guarantee described in Section 4 above, additional security for the loans set forth in paragraph 1 above shall be structured as follows: (i) LMCH will provide, with respect to all properties in the Portfolio, acceptable to CMHC, an account security agreement, an operating agreement relating to the obligation of the LMCH to adhere to certain covenants (including but not limited to, energy efficiency,

<sup>1</sup> The conditionally allocated amount described herein remains subject to any approval CMHC must obtain, including but not limited to, any confirmation of appropriations required by the Government of Canada.

<sup>2</sup> Forgiveness is earned over 20 years (1/20<sup>th</sup> per year) from the date of last advance for a particular tranche.

<sup>3</sup> Funding to be disbursed on quarterly basis, or at interval to be negotiated by CMHC and LMCH as required. Target affordability is applicable from the date of last advance for that particular loan tranche as described in paragraph 2 of the LOI.

<sup>4</sup> As described in the most recent CMHC rental market survey (or any successor publication).

affordability and accessibility) relating to the Portfolio during and after the expiration of the construction period, satisfactory PPSA registrations, and any other security as CMHC may require.

8. LMCH acknowledges and agrees to provide CMHC with a tenant placement plan for tenants that will be displaced as a result of the revitalization of the existing project sites in the Portfolio.
9. LMCH agrees to provide CMHC with (a) an opinion of an insurance consultant; and (b) a cost consultant report substantially in the form attached hereto as Schedule "A".
10. LMCH and the City of London, each acknowledge and agree to that should the parties proceed with the transactions contemplated in this LOI, that LMCH and the City of London have or will promptly obtain all appropriate authorizations to borrow the funds or enter into the necessary guarantee and indemnification agreements contemplated hereunder and to enter into all agreements necessary including but not limited to, loan, security and other required agreements with CMHC.
11. LMCH and the City of London each acknowledge and agree that during the course of its respective participation in the application to any of above initiatives, each party may receive documents, materials and other information from CMHC containing confidential and proprietary information and CMHC may provide LMCH and the City of London with additional materials or information relevant to applications or the Co-Investment Fund (collectively referred to herein as the "**Confidential Material**"). Unless CMHC otherwise consents in writing to disclosure of the applicable Confidential Material or, unless the disclosure of the applicable Confidential Material is required by a legal or regulatory authority, such Confidential Material shall be kept confidential and shall be used by LMCH and the City of London only in connection with the proposal.
12. No announcement relating to this LOI or any related funding provided by CMHC may be made prior to receiving written approval from CMHC.
13. It is expressly acknowledged and agreed that the LOI in no way constitutes the creation of a partnership or a joint venture between the parties. This LOI is intended to facilitate cooperation, collaboration, and coordination between the parties and is not intended to be legally binding or enforceable by the courts. The parties agree to act in good faith towards their mutual goal of providing affordable housing.
14. The parties further acknowledge that this LOI and any resulting arrangement between CMHC and LMCH and the City of London remains subject to there being a Parliamentary appropriation, pursuant to the Financial Administration Act (Canada) for the Fiscal Year in which the payment is to be made. CMHC has no liability in case of no or insufficient appropriations for CMHC funding or for CMHC undertakings in the aggregate.

[Signature Pages follow]



Whereupon this LOI has been executed by authorized officials of the parties hereto:

**ACKNOWLEDGED AND AGREED BY CANADA MORTGAGE AND HOUSING CORPORATION**

*Caroline Sanfaçon*

Name: Caroline Sanfaçon  
Title: VP Housing Solutions, Multi-Unit

February 22, 2021  
Date

*Simon Lahoud*

Name: Simon Lahoud  
Title: Director, Financing Prioritization and Allocation – Multi-Unit

February 22, 2021  
Date

**ACKNOWLEDGED AND AGREED BY LONDON AND MIDDLESEX COMMUNITY HOUSING**

Name:  
Title:

Date

Name:  
Title:

Date