

Loan Agreement Term Sheet

2641 Regional Road 56 and 2800 Library Lane, Binbrook (New Development of Approximately 100 seniors' rental units)

Borrower: Township of Glanbrook Non-Profit Housing Corporation (TGNPHC)

Lender: City of Hamilton ("City")

Type of Loan: \$1,700,000 Interest bearing Loan with a 10-year Amortization as set out in this Term Sheet, Appendix 'A' to Report HSC22046/FCS22070

Loan Conditions:

1. The Loan will be subject to the recipient entering into a loan agreement with the City containing such terms and conditions as set out in this term sheet, Appendix "A" to Report HSC22046/FSC22070.
2. The amount of the Loan shall be up to a maximum principal amount of \$1.7 M. The Loan shall only be used for the payment of the estimated pre-development costs of \$1.7 million for the development of a multi-residential building containing approximately 100 affordable seniors' unit located at 2641 Regional Road 56 and 2800 Library Lane, Binbrook (the "Project").
3. The Loan can only be used to pay the following Project pre-development costs:
 - (a) Soft Costs including Professional fees for Architect, Engineer and Landscaper; Cost Consultant (Quality Surveyor); Development Consultant; Planning Consultant; and; Building Science Consultant;
 - (b) Site costs including building and property appraisal; Topography survey; boundary surveys; Geotechnical assessments; Environmental assessment, Noisy study; Stormwater management study; traffic study; Parking study; and designated substances reports and Arborist study;
 - (c) Legal and organisational fees including legal fees, organisational expenses, marketing/rent up; capital costs audit; market appraisal for HST purposes; insurance during construction; appraisal of property and building to be constructed;

- (d) Any other predevelopment costs as approved at the sole discretion of the General Manager of Healthy and Safe Communities Department ('GM');

The Loan shall not be used for any other purposes other than those provided in the Section 3 (above) or approved at the sole discretion of the GM. If the pre-development costs exceed the Principal Amount, TGNPHC shall be responsible for the payment of the excess amount.

4. All Reports related to the studies and findings as part of the predevelopment work shall be shared property of the City and TGNPHC;
5. The Loan will be interest-bearing at a rate of 4.36% (4.15% plus .25% administration) compounded semi-annually on the total Loan amount and paid annually commencing of the Effective Date.
6. The "Effective Date", shall be one year after the final advance has been made under the Loan Agreement or at maximum, three years from the date of the execution of the Loan Agreement.
7. The Loan will have a term of 10 years commencing on the Effective Date
8. No assignment of the Loan, other than to the City will be permitted unless consented to by the General Manager of the Healthy and Safe Communities Department (GM) in their sole discretion and only in the following circumstance: (a) the property is sold to another provider of "non-profit housing" as agreed to by the GM (b) any other circumstance as agreed upon by the GM in their sole unfettered discretion;
9. Requirement to provide the City with insurance certificates for "Property All Risks" insurance and other insurance as requested by the GM, to the satisfaction of the GM in consultation with Risk Management.
10. As continuing collateral security for the principal amount of the Loan and any amount that may become payable pursuant to the Loan agreement for any reason whatsoever hereunder, the TGNPHC shall execute and/or deliver to the City in a form and content satisfactory to the City, the following (collectively referred to as the "Security"):
 - (a) a collateral charge/mortgage of land which can be lesser in priority only to a CMHC registered mortgage or at the sole, absolute and unfettered discretion of the GM a long-term (greater than 20 years) third party financing, payable on demand in the Principal Amount of One Million

Seven Hundred Thousand Dollars (\$1,700,000.00) TGNPHC which shall be registered against title to 2800 Library Lane, Binbrook ("Secured Property") and the mortgage shall state that it is security for the indebtedness of the TGNPHC incurred pursuant to the Loan agreement;

- (b) an assignment of rents registered against title to the Secured Property and registered pursuant to the PPSA and in priority to any other assignment of rents provided by the TGNPHC;
- (c) assignment of any proceeds of insurance required pursuant to Article 9 and in priority to any other assignment of insurance provided by the TGNPHC that relates to the Secured Property;
- (d) a general security agreement registered pursuant to the PPSA in priority any other general security agreement entered into by the TGNPHC and registered pursuant to the PPSA which may be site specific to the Property at the sole discretion of the GM; and,
- (e) any and all such other and further documents, agreements and other instruments, and do such other and further things, as the City may require to give effect to this Agreement and cause the City to hold valid and enforceable security for the Principal Amount together with any amount that may become payable for any reason hereunder.

No additional financing will be permitted to be secured on the Secured Property that would exceed 100% of the value of the Property. At the sole discretion of the GM the Security required in subsections (b), (c) and (d) and secured against the Secured Property above can be replaced by the same security secured against the Project once completed if the City's priority is maintained.

Rental Requirements & Maximum Allowable Rent

- 11. At all times during the term of the loan, the rents of at least 50% of the units will at no time be above 80% Average Market Rent (AMR) for the City of Hamilton, to be determined by the GM in their sole discretion when the final construction and operating budgets are produced, but prior to signing of the construction contract.
- 12. Rents for the affordable units may only be increased annually by the Provincial Rent Increase Guideline during a tenancy. Rents may be increased to the maximum allowable percentage of AMR (80%) at turnover. Service

Manager should be notified 90 (ninety) days prior to the effective date of a rent increase of more than the current Provincial Rent Increase Guideline.

Events of Default

13. Events of default shall include but not be limited to:
 - a. Within the term of the Agreement the housing is no longer "non-profit housing" as determined by the GM's sole discretion;
 - b. Failure to observe any of the conditions for advance of a Loan payment;
 - c. Breach of any provisions of the Loan Agreement;
 - d. Any disposition of the property not consented to by the GM in their sole discretion which consent may include such conditions as the GM determines in their sole discretion;
 - e. Failure to acquire Service Manager Consent as it relates to encumbrances to 2800 Library Lane;
 - f. Failure to successfully obtain Rezoning and Implementing Zoning By-Law within 18 (eighteen) months of the execution of the Loan Agreement
 - g. Failure to submit Site Plan Application within 6 (six) months of obtaining Rezoning and Implementation of Zoning By-Law for the development site
 - h. Failure to notify the City about any default of the agreement within 30 days;
 - i. Non-compliance of the terms and conditions of the MoU dated June 24, 2021
 - j. Where a mortgage, charge, lien, execution or other Encumbrance affecting the Property becomes enforceable against the Property; or
 - k. Where TGNPHC becomes bankrupt, whether voluntary or involuntary, or becomes insolvent or a receiver/manager is appointed with respect to the Property; or
 - l. Where TGNPHC certificate of incorporation is cancelled, or TGNPHC is otherwise wound up or dissolved as a corporation or there is any other change in the ownership or corporate status of TGNPHC not approved by the City in advance;
 - m. Where TGNPHC ceases to be a Non-profit housing provider
 - n. Such further events as the City Solicitor deems appropriate in their sole discretion

14. Consequences of an event of default, unless permitted to be remedied in such time and manner as the GM determines in their sole discretion, will include, but not limited to: immediate repayment of all amounts advanced pursuant to the Loan, no further Loan payments.

Advance Provisions

15. The Loan shall be advanced, with such holdbacks as determined necessary by the City solicitor, in the 3 installments being:

Advance	Milestone	Percentage of Loan
1 st	Execution of the Loan Agreement	50%
2 nd	Successful Rezoning and Implementing Zoning By-Law	25%
Final	Site Plan Application	25%

16. Prior to the issuance of any advance of the Loan TGNPHC must;
- Execute the Loan Agreement
 - Secure the loan with a Collateral mortgage registered on Title of the Property (2800 Library Lane, Binbrook ON) in favour of the City;
 - Ensure the Property is clear of unpermitted encumbrances;
 - Submit an invoice equivalent to the advance request
 - Provide certificate of insurance to the satisfactory of the City's Risk Management Department;
 - Be in compliance to the Terms and Conditions of the Memorandum of the Understanding between the City of Hamilton and TGNPHC dated June 24, 2021 as amended and;
 - Such other conditions as the GM determines appropriate.
17. Prior to the issuance of the final advance, the City must be in receipt of;
- All reports related to the studies and findings as part of the predevelopment work; and;
 - A Letter of Site Plan Application
18. Loan Repayment
- The Loan shall be repaid to the City within 10-years from the Effective Date
 - TGNPHC shall repay the principal amount advanced together with interest as provided for in this term sheet in ten (10) consecutive yearly payments commencing on the annual anniversary date of the Effective Date and continuing on each subsequent annual anniversary date thereof;
 - TGNPHC may prepay the outstanding principal of the loan in whole or in part at any time or times without penalty; and;
 - Any additional funding amounts / contributions that can be used for pre-development work received by TGNPHC regarding the Project will be forwarded to the City immediately to reduce the loan amount outstanding, at the sole discretion of the GM.

Accountability Provisions

19. The Loan Agreement shall remain in force and in effect until the Loan has been paid in full and TGNPHC has performed all of its obligations under the Loan Agreement and no Security shall be discharged until the Loan is repaid in full and TGNPHC has performed all of its obligations under the Loan Agreement.
20. During the term of the Loan Agreement and the loan period, TGNPHC will monitor the respective Project annually to ensure the obligations under the Loan Agreement have been met for the previous year. During the term of the payment period, TGNPHC will submit the following documents for the previous year to the Housing Services Division annually on or before June 1:
 21. The loan recipient must without any prejudice to any rights of inspection the City has pursuant to any Applicable Law, TGNPHC shall, during normal business hours and from time to time upon 24 hours' notice to permit representatives of the City to inspect any real property owned or occupied by TGNPHC including the Property and the Project and to examine and take extracts from TGNPHC's financial books, accounts and records including but not limited to accounts and records stored electronically for the purpose of verifying compliance with this Loan Agreement, and use of the Funds;
22. TGNPHC must provide evidence that TGNPHC is in compliance with Memorandum of Understanding dated June 24, 2021 annually as amended.
23. At any time during the term of the Loan, the City may conduct an operational review of the Project on terms and conditions set by the GM in their sole, absolute and unfettered discretion. TGNPHC shall at all times cooperate with the operational review and provide documentation, access to staff and such other information as may be requested by the GM or other City staff.
24. TGNPHC shall ensure that there are adequate financial controls in place to ensure the accuracy, completeness and auditability of TGNPHC's financial reporting
25. TGNPHC shall, on forty-eight (48) hours prior written notice, give the City free and unrestricted access to the Project and to such staff, documents, books, records and accounts as may be required by the City, for the purpose of verifying compliance with this Agreement, and use of the Funds.
26. At any time, the City, the Minister or any representative of the City or the Minister may conduct an audit, investigation or inquiry in relation to the Project,

the Funds or any larger development or project of which the Project is a part and TGNPHC shall co-operate with the City and the Minister and provide free and unrestricted access to the Project and to such staff, documents, books, records and accounts as may be requested by the City or the Minister.

27. Within sixty (60) days of the written request of the City, TGNPHC shall provide an audited financial statement respecting the expenditure of all Funds provided pursuant to this Agreement.
28. The audited financial statements required to be produced by TGNPHC pursuant to Section 27 shall:
 - a. be completed in a form and content to the satisfaction of the GM;
 - b. be signed by an authorized signing officer of TGNPHC; and;
 - c. be submitted to the City at the following address;

71 Main Street, W, Hamilton ON L8P 4Y5

To the attention of;

The General Manager,
Healthy and Safe Communities Department

29. TGNPHC shall keep and maintain:
 - a. all financial records (including invoices) relating to the Funds advanced to it in a manner consistent with generally accepted accounting principles; and
 - b. all non-financial documents and records relating to the Funds advanced to it
30. For the purpose of ensuring compliance with the terms of this Agreement, the City, the Minister or their authorized agents or representatives or an independent auditor identified by the City or Province (collectively the "Inspectors") may, at their own expense, upon on 24 hours' notice and during regular business hours, enter upon TGNPHC's premises and/or the Project, and TGNPHC shall provide free and unrestricted access to its premises, the Project and to such staff, documents, books, records and accounts as may be requested by the Inspectors and cooperate fully with the Inspector in order to permit them:
 - a. inspect and take extracts from the accounts, records including financial records and invoices, and books and data, whether such aforesaid accounts and records are stored in any format whatsoever including but not limited to paper or electronic format; and
 - b. conduct and audit, investigation or inquiry of TGNPHC in relation to the Project, the Funds or any larger development or project of which the Project is a part and TGNPHC. The City or the Ministry shall provide the results of their audit to TGNPHC within a reasonable time of its completion. Any audit performed by

the City under this Section shall be at the sole expense of the City. Any audit performed by the Ministry under this Section shall be at the sole expense of the Ministry.

31. To assist in respect of the rights set out in this loan term sheet, TGNPHC shall promptly disclose and provide, without limitation, any information requested by the Inspectors and shall do so in a form requested by the City, its authorized representatives or an independent auditor identified by the City, as the case may be.
32. During the Term of the Loan Agreement, TGNPHC shall:
 - a. operate and maintain the Project in a good state of repair and fit for occupancy in the same manner as a prudent owner would;
 - b. do or cause to be done all acts and things necessary to cause the Project to be properly maintained and to be kept in a good state of repair; and,
 - c. Manage the Project in a fiscally responsible manner and ensure that a deficit is not incurred in any year without the approval of the City, which shall not be unreasonably withheld, and that no expenditure is made which is of a material and excessive nature having regard to the normal practice for a similar housing project.

Other Provisions

33. The City of Hamilton must be recognized on project marketing and promotional material (ie. City of Hamilton logo), at TGNPHC's expense.
34. Any out of pocket expenses (ie. Appraisal costs) incurred in the provision of the Loan, the preparation of the Loan Agreement or in respect of the Security for the Loan, over and above staff costs, are the responsibility of TGNPHC.
35. The Loan recipient must provide full disclosure, at all times, with respect to issues that will or may affect the completion of the project or the organization's ability to repay the Loan.
36. Any other terms deemed appropriate by the City Solicitor and GM, at their sole discretion.