

Loan Agreement Term Sheet

42 Lawrence Road, Hamilton Ontario L8H 7M1 (Tennis Club)

Borrower: Rosedale Tennis Club Inc. (the "Tennis Club")

Lender: City of Hamilton ("City")

Type of Loan: \$1,150,000 Interest free Loan with a 15-year Amortization as set out in this Term Sheet, Appendix "B" to Report FCS23075 / HSC23039. This loan is to be consolidated with an existing outstanding loan for a total consolidated principal amount not to exceed \$1,330,000.

Loan Conditions

1. The Loan will be subject to the Tennis Club entering into a loan agreement with the City containing such terms and conditions as set out in this term sheet, Appendix "B" to Report FCS23075 / HSC23039.
2. The amount of the additional Loan shall be up to a maximum principal amount of \$1.15 M. The Loan shall only be used for the payment of the estimated costs of \$1.15 M for the addition of a new dome over four existing tennis courts located at 42 Lawrence Road, Hamilton Ontario L8H 7M1 (the "Project").
3. The Loan can only be used to pay for the purposes of construction of a new dome and related infrastructure over four existing tennis courts at the property known municipally as 42 Lawrence Road, Hamilton.
4. 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 construction costs exceed the Principal Amount, the Tennis Club shall be responsible for the payment of the excess amount.
5. The Loan will be non-interest-bearing 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 15 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 (GM), Finance and Corporate Services, in their sole 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 Tennis Club 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) assignment of any proceeds of insurance required pursuant to Item 8 above and in priority to any other assignment of insurance provided by the Tennis Club that relates to the Secured Property;
 - (b) a general security agreement registered pursuant to the *Personal Property Security Act (PPSA)* in priority to any other general security agreement entered into by the Tennis Club and registered pursuant to the PPSA which may be site specific to the Property at the sole discretion of the GM; and
 - (c) 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) and (c) 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.

Events of Default

11. Events of default shall include but not be limited to:
 - (a) Within the term of the Agreement, the Tennis Club is not a non-profit organization or ceases to be a non-profit organization;
 - (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) Any bankruptcy, re-organization, compromise, arrangements, insolvency or liquidation proceedings or other proceedings for the relief of debtors are instituted by or against the Borrower and, if instituted against the Borrower, are allowed against or consented to by the Borrower or are not dismissed or stayed within 60 days after such institution;

- (f) A receiver is appointed over any property of the Borrower or any judgement or order or any process of any court becomes enforceable against the Borrower or any property of the Borrower or any creditor takes possession of any property of the Borrower;
- (g) Construction of the Project ceases for a period of 60 days for any reason (strikes and Acts of God excepted) and / or the Borrower abandons or vacates the site.
- (h) Failure to notify the City about any default of the agreement within 30 days;
- (i) Such further events as the City Solicitor deems appropriate in their sole discretion

12. 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

13. The Loan shall be advanced in its entirety in one lump sum following the execution of this Agreement by all parties hereto.

14. Prior to the issuance of any advance of the Loan, the Tennis Club must;

- (a) Execute the Loan Agreement
- (b) Ensure the Property is clear of unpermitted encumbrances;
- (c) Submit an invoice equivalent to the advance request;
- (d) Provide certificate of insurance to the satisfactory of the City's Legal Services and Risk Management Division;
- (e) In the opinion of the City, have been no material adverse change in the business or financial condition of the Borrower
- (f) Such other conditions as the GM determines appropriate.

Loan Repayment

15. The Tennis Club may prepay the outstanding principal of the loan in whole or in part at any time or times without penalty. If the costs of the new dome are reduced at any time or lower than expected for any reason during the term of this Agreement, the Borrower shall promptly return all excess funds to the City.

Accountability Provisions

16. The Loan Agreement shall remain in force and in effect until the Loan has been paid in full and the Tennis Club has performed all of its obligations under the Loan Agreement and no Security shall be discharged until the Loan is repaid in full and the Tennis Club has performed all of its obligations under the Loan Agreement.

16. During the term of the Loan Agreement and the loan period, the Tennis Club will monitor the financial data Project annually to ensure the obligations under the Loan Agreement have been met for the previous year. During the term of the payment period.
17. The Tennis Club as the loan recipient must, without any prejudice to any rights of inspection the City has pursuant to any applicable law, during normal business hours and from time to time upon 24 hours' notice, permit representatives of the City to inspect any real property owned or occupied by the Tennis Club including the Property and the Project and to examine and take extracts from the Tennis Club'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.
18. 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. The Tennis Club 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.
19. The Tennis Club shall ensure that there are adequate financial controls in place to ensure the accuracy, completeness and auditability of the Tennis Club's financial reporting.
20. The Tennis Club shall, on 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.
21. At any time, the City, or any representative of the City 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 the Tennis Club shall cooperate with the City 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.
22. Within 60 days of the written request of the City, the Tennis Club shall provide an audited financial statement respecting the expenditure of all Funds provided pursuant to this Agreement.
23. The audited financial statements required to be produced by the Tennis Club pursuant to Section 23 shall:
 - (a) be completed in a form and content to the satisfaction of the GM;
 - (b) be signed by an authorized signing officer of the Tennis Club; and

- (c) be submitted to the City at the following address;

71 Main Street West, Hamilton ON L8P 4Y5

To the attention of: General Manager, Finance and Corporate Services

24. The Tennis Club 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 confirming the status of the Project from time to time and the value of work completed.
25. For the purpose of ensuring compliance with the terms of this Agreement, the City, or its authorized agents or representatives or an independent auditor identified by the City may, at their own expense, upon on 24 hours' notice and during regular business hours, enter the Tennis Club's premises and / or the Project, and the Tennis Club 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 the Tennis Club in relation to the Project, the Funds and the Tennis Club. The City shall provide the results of their audit to the Tennis Club 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.
26. To assist in respect of the rights set out in this loan term sheet, the Tennis Club 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.
27. During the Term of the Loan Agreement, the Tennis Club 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

28. The City of Hamilton must be recognized on project marketing and promotional material, at the Tennis Club's expense.
29. Any out-of-pocket expenses (i.e., 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 the Tennis Club.
30. The Tennis Club as 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.
31. Any other terms deemed appropriate by the City Solicitor and GM, at their sole discretion.