

**MEMORANDUM OF UNDERSTANDING
REGARDING THE REDEVELOPMENT OF
200 Beverly Street
(Commonly Known as the IMICO Property)**

Dated January 1, 2017

Between

The Corporation of the City of Guelph ('City')

And

Habitat for Humanity Wellington, Dufferin, Guelph ('Habitat')

And

ARQi R&D Inc. ('ARQi')

1.0 PROPERTY DESCRIPTION ('Subject Property')

- PT LOTS 1, 2, & 3, RANGE 3, DIVISION F ,PT BEVERLY ST, PLAN 343 ,
CLOSED BY DEP2184; DESIGNATED AS PART 1, REFERENCE PLAN
61R-7850; CITY OF GUELPH Civic Address: 200 Beverly Street,
Guelph, On. Canada
- Current Zoning: B4
- Area: 12.9 acres (5.2 ha)
- Map: See Attachment 1

2.0 GUIDING DOCUMENTS AND REPORTS

This Memorandum of Understanding (MOU) has been created within the framework and understanding of the following guiding documents and reports:

- St. Patrick's Ward Land Use Strategy – 2003
- St. Patrick's Ward Community Investment Strategy – 2003
- MOECC's Directors' Order (1994)
- MOECC's Provincial Officer's Order (2003)
- Phase 1 Environmental Site Assessment – Former IMICO Property –
200 Beverly Street, Guelph. On. (December 2007)
- Phase 2 Environmental Site Assessment – Former IMICO Property –
200 Beverly Street, Guelph. On. (December 2007)
- Preliminary Remediation Action Plan - Former IMICO Property – 200
Beverly Street, Guelph. On. (March 2008)
- Phase 1 Environmental Site Assessment – Former IMICO Property –
200 Beverly Street, Guelph. On. (February 2014)

- Phase 2 Environmental Site Assessment – Former IMICO Property – 200 Beverly Street, Guelph. On. (April 2014)
- Preliminary Remediation Action Plan - Former IMICO Property – 200 Beverly Street, Guelph. On. (April 2014)
- Staff Report – FIN-ED-13-05 – Property Framework – 200 Beverly Street, Guelph Ontario (former IMICO Property)_ - September 2013
- Staff Report – FIN-ED-14-04- Disposition of Redevelopment of Property Framework, 200 Beverly Street (former IMICO Property) – April 2014
- Staff Report – FIN-ED14-08 – 200 Beverly Street – IMICO – Redevelopment Update – August 2014.
- Consideration was also given to recent City of Guelph activities relating to potential future affordable housing policy and funding programs

3.0 PURPOSE OF THE MEMORANDUM

The purpose of this Memorandum of Understanding (“MOU”) is to establish the roles, responsibilities and protocols between the City, Habitat and ARQi (collectively the “Parties”). This MOU will serve as the basis for the Parties to work cooperatively to redevelop the Subject Property into more productive use through a mutually agreed implementation strategy that reflects the goals and objectives of the Parties.

Each party will respectfully cooperate with each party to advance the intent of this MOU.

The Parties agree that this MOU is a non-binding document, which may serve as the basis for future legally binding agreements and documents related to the redevelopment of the Subject Property.

This MOU is not meant to imply the pre-approval by the City, or any other approval authority, of any planning, environmental and development applications that may be required, or to fetter Council’s decision making role.

4.0 DEFINITIONS

For the purposes of this MOU, the terms included below and referenced in this document, are being defined as follows:

- **Habitat for Humanity** is a not for profit provincially incorporated organization, without shared capital registered with the Canada Revenue Agency as a tax exempt registered charity that makes housing accessible to low income households who would otherwise not be able to afford to own a house. Habitat mobilizes volunteers and community partners in building affordable housing and promoting home ownership.
- **Creating Homes** is a not for profit corporation provincially incorporated organization, without shared capital. Creating Homes develops housing for purchase by moderate income households. They

- assist with the purchase by providing part of the down payment.
- **ARQi** – ARQi R&D Inc. is a privately held Canadian corporation which is driven to create an economically viable, mixed-use portfolio of attractive investment and development opportunities that are catalysts for urban revitalization and economic growth. ARQi’s unique proposition embodied in its global reach to value creation through its network of partners and investors.
- **City of Guelph** – The City of Guelph means the Corporation of the City of Guelph, which is incorporated as a municipal corporation
- **Affordable Rental Housing** units are generally considered to rent for average market rents or less for that type of unit, as measured by Canada Mortgage and Housing Corporation’s rental market survey for that area.
- **Supportive Housing** offers supports from social service agencies to tenants with special needs to allow them to successfully maintain their tenancy. They may pay market rent or receive some subsidy to assist them with the rent on the unit.
- **Affordable Ownership Housing** is ownership housing that meets the Provincial Policy Statement of Ontario, 2014 and the Provincial Growth Plan, 2006.
- **S.M.A.R.T.** is a management principle that will be adopted to guide in the setting of multiple objectives for achieving a targeted goal. The acronym stands for: S is Specific and Strategic, M is Measurable, A is Achievable and Assignable, R is Realistic and Relevant, and T is Timely.

5.0 GOAL STATEMENT

The Parties agree that the following goal statement will guide the redevelopment of the ‘Subject Property’.

It is the intention of the “Parties” that the Subject Property will be redeveloped as a holistic urban village, which will be unique, vibrant and invigorating. Building upon smart urban planning and development principles, the village will positively contribute to the social and economic needs of the community, whilst being economically sustainable and financially viable.

6.0 REDEVELOPMENT PRINCIPLES

The following principles will be used to guide this initiative:

The redevelopment of the Subject Property as a holistic urban village will give consideration to the following:

- a. Unique, vibrant, smart and invigorating
- b. Integration of various economic, urban and social needs
- c. Attractive, pedestrian-oriented, supports both transit-and non-transit oriented dwellings

- d. Support for innovation, sustainable practices, smart technologies and employment
- e. The urban village will become a benchmark for the redevelopment for other brownfields
- f. The redevelopment will meet its planned social needs and investment targets

The urban village will include an economically balanced combination of dwelling unit types:

- a. Market-Priced units: traditional and transit-oriented condominium ownership and rental units;
- b. Habitat for Humanity and Creating Homes ownership units, as well as some affordable rental and supportive housing units;

In addition to the dwelling units, it is contemplated that the urban village will give consideration to a mix of retail, commercial, and community spaces, including but not limited to the following:

- a. Live/work units;
- b. Boutique restaurant spaces;
- c. Artisan manufacturing and incubator spaces;
- d. Artists space;
- e. Health and well-being service space;
- f. Indoor and outdoor recreational space;
- g. Community targeted services space;
- h. Offices (commercial and community);
- i. Community gardens;

The urban village will be an invigorating economic development hub for Guelph.

The development process of the urban village will adopt, where feasible, a sustainable practices mindset and energy saving measures.

The urban village will give consideration to green public spaces and, where feasible, to water fountains, streetscapes, walkways, rooftop gardening and seating areas.

The urban village will embrace S.M.A.R.T. principles with respect to:

- a. Infrastructure;
- b. Mobility;
- c. Home construction; and
- d. Communications.

The redevelopment of the Subject Property must be economically viable, profitable, and attractive to public/private investment and funding.

7.0 PRELIMINARY REDEVELOPMENT SCOPE

For the purpose of further developing concept plans, business models and other related activities, the Parties agree in principle to the following redevelopment scope:

- A diversified gross floor area of residential units shall be implemented according to a proposed Subject Property master plan that takes into consideration the Parties' interests, economic viability, market realities and investment targets.
- The development approach of the Subject Property shall be a phased in, economically balanced combination of diversified residential units, commercial and retail spaces and amenities.
- Village-appropriate commercial opportunities shall be considered in support of promoting local employment, providing retail access for village and neighbouring residents, and helping establish the village as a destination point.
- The scale of residential development shall be determined based on current and emerging residential needs, market conditions and economic viability, and give consideration to the City's intensification targets and affordable housing strategy, and the Provincial growth plan.
- It is acknowledged that ARQi and Habitat will determine through negotiation an agreed upon allocation of market and affordable dwelling units within each phase of development and within a reasonable timeframe.

The parties agree that the above redevelopment scope represents a starting point to frame future bilateral joint venture agreements between the Parties.

8.0 RESPONSIBILITIES

To support a collaborative and constructive process for the redevelopment of the Subject Property, the Parties agree to pursue in good faith the following commitments to this Memorandum of Understanding:

a. Joint Responsibilities

- A key objective is to develop a sustainable community of vibrant neighbourhoods that offer residents and visitors healthy, active and environmentally friendly lifestyles;
- The Parties shall make best efforts to understand the specific needs of each other and will collaborate to achieve the overarching project goals as stated in Section 5.0;
- The Parties shall support one another and work together by collaboratively establishing and reviewing major milestones, coordinating processes and efforts, developing an implementation strategy, and offering their respective resources to bring this redevelopment project to a successful completion;

- The Parties shall embrace the past and build on the success of the efforts and wills of all those who championed, envisioned, planned, and executed the redevelopment process;
- The Parties shall collaborate to address market realities based on schedules that allow the redevelopment process to be viable, responsive, and competitive;
- The Parties shall promote this innovative redevelopment as an everlasting legacy project;
- The Parties shall identify and coordinate processes involving all Parties relating to:
 - Master Planning and Site specific concept plans;
 - Preliminary budgets and development pro-formas;
 - Redevelopment schedules, phasing and milestones;
 - Planning and development applications and associated submission requirements (e.g. studies);
 - Public sector funding applications; and
 - Prospective private sector investment.
- The Parties shall develop and coordinate communication messages and implement related tactics;
- The Parties shall share information that will be relevant and material to achieve the objectives as stated within the MOU and shall maintain the confidentiality of information provided by prospective investors and the Parties.
- The Parties will engage the local community and neighbourhood, and other public and private sector organizations as deemed necessary to advance the goal statement of the project.

b. City Responsibilities

The City, as the owner of the Subject Property, will use its best efforts to:

- Act as the principle party responsible for the preparation of the Subject Property for redevelopment. This will include:
 - Continuing to conduct environmental monitoring of the property to comply with the Ontario Ministry of Environment's orders;
 - In coordination with the other Parties, assist with the preparation of environmental, planning and development applications for the Subject Property;
 - In coordination with the Parties, develop and make application for potential Provincial and Federal government funding programs relating to linear infrastructure and/or site reclamation;
 - In coordination with the other Parties, develop and make applications to implement scoped risk assessment and groundwater remediation plans to ensure the Subject Property meets applicable environmental standards, including containment of off-site spillage;
 - Facilitate the planned redevelopment of the urban village, along all stages of redevelopment;

- Provide all required linear infrastructure to the land to implement the envisioned Subject Property master plan;
- Negotiate an agreement of purchase and sale with ARQi to transfer title to Subject Property to ARQi;
- Explore measured financial support and development incentives to mitigate investment and development risk.
- The following are examples of such financial supports and incentives:
 - waiving of City fees such as: permits and site plan application fees, cash-in-lieu of parkland dedication, and municipal planning and buildings permit fees
 - property tax exemptions or reductions
 - late payment agreement for Development Charges or grant to offset Development Charges
 - Tax increment financing
 - Municipal Capital Facilities Agreements
- Engage local citizens, businesses, research and education institutions, and other public and private sector organizations as necessary to advance the goal statement for this redevelopment project;
- Champion the project as a whole.

The above activities will be coordinated through the City of Guelph’s Business Development and Enterprise Services, which will act as the City’s primary point of contact for the City. Business Development and Enterprise will form an interdisciplinary team to support the project and help facilitate the interests of all parties.

From time to time, the approval of Guelph City Council will be required for matters relating to: budget; planning, environmental and development applications; and public sector funding applications.

The above matters relate only to the City acting as the owner and land developer of the Subject Property.

c. Habitat Responsibilities

Habitat as the party responsible for matters relating to affordable housing will:

- Act as the principle party responsible for:
 - Coordinating opportunities within the affordable housing community and reporting back regularly to the Guelph-Wellington affordable housing community.
 - Making applications for affordable housing grants or other funding opportunities that will support the financial viability of the development.
 - Subscribing to, financing and acquiring the affordable ownership and rental housing, and supportive housing units.

- Subject to negotiation with ARQi, committing in a timely manner to the agreed upon allocation of dwelling units within each phase of development.
- Abiding by all agreements, regulations, and bylaws governing the affairs, operations, and responsibilities of the project condominiums.
- Agreeing to collaboratively work with ARQi in marketing and assigning its subscribed residential units

d. ARQi Responsibilities

ARQi will act as the master developer, builder, and planner of the Subject Property. As such, ARQi will:

- Plan and implement a master plan for the Subject Property that achieves the overarching goals of the project;
- Collaborate with other Parties to plan an overall implementation strategy which will be based on the redevelopment vision, market needs and economic feasibility;
- Develop the land using the most suitable diversified condominium types for the purpose intended which envisioned by both viable market realities and joint ventures mandates;
- Share information with Habitat on actual land cost incurred as the development progresses;
- Ensure affordable housing incentives conveyed by the City are apportioned to the Habitat units;
- Negotiate with Habitat equitable terms for apportioning actual costs of land acquisition as well as site development and project preparation of Habitat's residential units;
- Invite investors and developers that share the project goals as provided in Section 5.0 to participate in the redevelopment of the project;
- Lead efforts in project management and coordination, including communicating timely project updates and expectations to all parties;
- Create and promote various business initiatives that may facilitate the creation of employment opportunities on the project and engage institutions and companies to participate, sponsor, or grandfather some of these initiatives;
- Act as the lead to access social and private investors;
- Assist in facilitating advocacy initiatives with other levels of government;
- Engage local citizens, businesses, research and education institutions, and other public and private sector organizations as it deems necessary to advance the goal statement of the Project.
- In collaboration with the other Parties, ARQi or its subsidiaries will be responsible for preparing and submitting planning, development and environmental applications.

Project Management, Coordination and Protocols

The Parties will each appoint a lead person for this initiative, and through these individuals coordinate the activities of their respective party. The lead persons that are assigned to this project include:

- City – Peter J. Cartwright, General Manager – Business Development and Enterprise – City of Guelph.
- Habitat – Steve Howard – Chief Executive Officer, Habitat for Humanity Wellington Dufferin Guelph
- ARQi – Dr. Amer Obeidi, President and CEO

e. Funding

Each party will be responsible for funding its own activities in relation to this MOU, except as agreed to in writing from time to time. Commitments to the funding of any development or the construction of infrastructure or structure that will arise from this initiative are not included in this MOU, however it is the intent of this MOU to frame such funding requirements and responsibilities.

f. Term

This MOU shall be in effect until December 31st, 2020.

g. Renewal

Any revision to this MOU, including any renewal provisions will be communicated in writing to the respective Parties up to 60 days prior to the end of the Term of the MOU. After this period, and if all Parties agree, the MOU 'as-is' or 'amended' may be renewed for a further two year period.

h. Termination

At any time during the term of the MOU, with the exception of the Renewal period as per clause 'g', any party may initiate, by written notice, consultations with the other Parties to discuss the proposed terms of the termination of their involvement in this MOU. If no agreement is reached within 60 days after the written notice the party may terminate the MOU with 60 days further written notice.

i. Communication Protocols

Communication protocols must ensure that any public communication/engagement and marketing initiatives adhere to the following general principles:

1- The Parties shall develop a comprehensive communication/marketing strategy (including tactics) and agree on a set of keywords/messages to describe the redevelopment efforts on the Subject Property

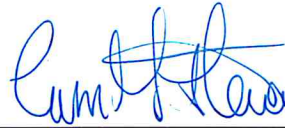
2-The Parties shall avoid describing or promoting the redevelopment of the whole site as for affordable or social housing

3- The Parties shall appoint a lead spokesperson to communicate about the development — and each party shall appoint its own spokesperson to speak to specific issues within its purview.

In addition, all parties agree to meet regularly (as least quarterly or more frequently as required) to share information and generally advance the project.

IN WITNESS WHEREOF to make best efforts to adhere to the terms established in the Memorandum, the parties have executed this Memorandum.

The Corporation of the City of Guelph



Cam Guthrie, Mayor

Witness
Name (Print):

Habitat for Humanity Wellington, Dufferin, Guelph



Witness
Name (Print): Amber Jessop

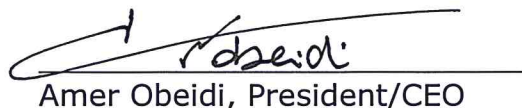


Steve Howard, CEO

ARQi R&D Inc.



Witness
Name (Print): Amber Jessop



Amer Obeidi, President/CEO

ATTACHMENT 1 PROPERTY MAP

