

Life Lease Committee:

1) Mortgage Situation - Update

- a. \$2.1 mil owing on Centre Wing
- b. \$4.8 mil owing on East Wing @ 3.72% (up for renewal July 2020)
- c. Construction mortgage of \$20.5 mil @ 4.7%.
 - i. Interest only payments until the earliest of 6 months after completion or August 1st, 2020.
 - ii. The idea is that we will roll the \$4.8 mil and the \$20.5 mil mortgages together by or before summer of 2020.

2) Proposed Rents (North Wing):

- a. Two bedroom – \$2,800/mth
- b. One bedroom - \$2,100/mth
- c. Does not include Parking (\$60/mth)

3) Current Rents:

- a. East Wing:
 - i. 2 bdrm/2bath - \$2235/mth
 - ii. 2 bdrm/1bath - \$1765/mth
 - iii. 1 bdrm w. den - \$1610/mth
 - iv. 1 bdrm - \$1560/mth
- b. Centre Wing:
 - i. 1 bdrm - \$1355/mth

4) Goals:

- 1. Offer alternative ways to pay rent while living at Emmanuel Home
- 2. Keep it Simple. Easy to communicate and easy to understand.
- 3. Make it a win/win for residents and Emmanuel Home
 - a. Has to be attractive enough to the residents
- 4. Maintain Emmanuel Home's flexibility and control in order to deal with unforeseen market changes & fluctuations

5) Comments/Questions:

- a. What do we do with the equity that residents put forward?
- b. Minimum & Maximum range that residents can put down?
- c. How much do they get back at the end of the lease? (95%?)
 - i. It would differentiate our program if residents received 100% back
 - ii. However, we don't need to offer that much, people aren't expecting it. They'll likely be satisfied with 95%, but may start asking questions if it is lower
 - iii. We need some funds to facilitate a possible line of credit
- d. Maximum number of life lease agreements?
 - i. Keeps some control over the exposure
 - ii. Is it necessary?
- e. Maximum number of leases that can be paid back per quarter?
 - i. Avoids the issue of having an excessive amount of short-term (callable) debt

- f. Does the term 'life lease' communicate something different than what we want to communicate?
 - i. We need to emphasize this is a rent reduction program, and nothing more.
 - 1. Generally, this is in line with what people are looking for. They don't necessarily look for ownership, but also don't know what another term might be.
 - 2. We don't want to have to educate everyone more than needed.
- g. What is the avg length of lease for our residents?
 - i. Darren will look into this, as it will help us understand what to expect as far as turnover of lease agreements
- h. We are proceeding with fixed value approach to the equity that is put down
 - i. In other words, what residents put down will be what's available at the end of the agreement, minus 5%. The initial equity won't be impacted by market changes, both good and bad.
- i. What's our cost per square foot for the suites? Incl. common areas
 - i. Darren will work on this, as they are good figures to know for people who might ask questions.
- j. Darren is hesitant to tie the life lease program to the 'value' of the suites. The discussion doesn't need to go there for most of the residents. It's strictly a discussion about lowering rent, and nothing to do with suite value and ownership.
- k. It would be a good exercise to separate our operating costs from a general rent number. Perhaps this will help people understand how we arrived at the figures we will be presenting.
- l. We should establish a minimum rent in order to facilitate cash flow
 - i. Henry & Darren will dive into the operations and cash flow impact. This will help guide us in setting parameters for the program.
- m. Can the rent be brought down enough to avoid OAS clawbacks?
 - i. Darren will look to meet with some experts in this area to learn more about how the program will benefit seniors, as well as learn what they will need to consider before entering this type of program.
- n. Documents
 - i. Evert will begin drafting up a document that will be an appendix to the lease that every resident signs, for those who enter this life lease agreement.
 - ii. Darren will take on a review of the lease document as a whole
- o. Partnership
 - i. Once Henry & Darren have a framework for the financial side of this program, we will approach the CCU to get a sense of their ability to handle this.
 - ii. We may need to prepare to bring this program to the market to see what options might be out there.

Next Meeting – Wed Oct 17 @1:30pm